



The Sharing Economy

SUMMARY: The the peer-to-peer exchange of goods or services will continue to grow globally and expand into new areas of commerce, posing a greater challenge to incumbent firms in many industries. The sharing economy portends a shift in the balance between access and ownership, with owners getting new opportunities to extract value from their goods, and users getting new opportunities to use goods and services with more flexibility. This could blur the lines between commercial operations and person-to-person exchanges, creating a growing regulatory challenge.

Forecasts

- Sharing economy platforms could reshape how consumers interact with goods and services. Those who choose sharing over ownership will have a lower level of control over, and investment in, these shared resources.
- Retirement and household downsizing in developed economies could boost demand for the sharing economy; sharing their resources could also supplement the income of retirees.
- Many sharing services platforms' low-prices have been subsidized by VC investments. The sector may contract as investors tire of funding at a loss and prices rise.
- Some sharing economy services could exacerbate existing social or economic problems, e.g., reducing affordable housing as companies and investors buy up homes and apartments for home-sharing services, a la Airbnb.

Key Uncertainties

Changing regulatory climate for sharing platforms—a potential barrier to or enabler of growth



Economic conditions driving demand for and availability of shared resources



Venture capital interest in continued underwriting of services



Changing expectations about cost of and control over shared goods and services



Extent of mutual reinforcement between the sharing and experience economies



Extent of opportunities for vulnerable populations who gain as-needed access to new resources



Supporting Trends

- **No more funding money pits?** Venture capitalists are reconsidering the massive funding they provided many sharing-economy and subscription-service-model startups in the face of weak IPOs.
- **Millennials prioritize authenticity.** For many millennials, transparency and compelling stories about a product or service are more important than organizational reputation in their purchasing decisions.
- **Service sector productivity.** Service sector productivity is an increasingly important component of economic growth.
- **Worker reputation systems.** Reputation systems have the potential to effectively match prospective workers to organizations.
- **Millennials economically unlucky.** Millennials, crunched between the Great Recession and the coronavirus pandemic, are considerably behind financially compared to other generational cohorts at corresponding life stages.
- **U.S. income inequality rising.** U.S. income inequality has been rising since the mid-1970s.

Related Drivers of Change

- New Forms of Work
- Automating Work
- Blockchain Platforms
- Reputation by the Numbers
- Evolving Cities

Notable Data Points

TOO POOR TO BUY

Millennials were 11% below wealth expectations in 2019, **while Gen Z were 50% below expectations.**

Source: Michael Batnik, "The Generational Wealth Gap," The Irrelevant Investor, April 1, 2021.

DIGITAL DISCRIMINATION

According to a 2022 report, the number of available apartments for rent in Brooklyn, Manhattan, and close-in Queens (7,669) was **less than that of available short-term rentals listed on Airbnb (10,572).**

Source: Kim Velsey, "New York Now Has More Airbnb Listings Than Apartments for Rent," Curbed, May 17, 2022.

GROWTH OF THE GIG ECONOMY

The global gig economy, which underpins many sharing economy services, is **forecast to grow from \$204 billion in 2018 to \$455 billion in 2023.**

Source: Kris Boda, "Gig Economy—The Economic Backbone of the Future?" Brodmin, June 2, 2022.



Strategic Insights

- Associations will need to monitor the impact of the sharing economy on the market for products and services provided by their members, help their current members prepare to compete effectively in a marketplace that includes sharing economy providers, and consider how they might serve those providers.
- Associations have the potential to act as brokers for the sharing of goods and services between their members. This may be especially true for rare, expensive, or hard-to-locate resources.
- As the sharing economy grows, it may elevate expectations for ready access to “unowned” and open-access services and resources. Associations themselves can be the “lenders” of these resources.
- There may be opportunities for associations to co-create resources with their members—for example, by sharing data with members who, in turn, add value through analysis or interpretation and share it back with the association. A wiki format is a simple example of such a shared resource.
- There may be opportunities for groups of associations to establish a multi-association sharing economy of resources, which could include data and information, training curricula, etc.

Timing

- **Stage:** Growth, though it has moved past early stages
- **Speed:** Medium, as growth has slowed but new sharing services debut frequently

Potential Alternative Futures

- **Digital oligopoly:** Network effects cause sharing industries to become dominated by a handful of dominant firms.
- **Regulatory pinch:** Regulation of aspects of the sharing economy seen as harmful or exploitive limit its expansion.
- **Rethinking ownership:** New ownership models grow, superseding traditional patterns of personal resource ownership and corporate shareholding.



Take Action

- **Pursue access and impact as alternatives.** When pricing or packaging association content and other products, decide whether you need reach and impact or profit in deciding what to share and what to sell or put behind the member paywall. Design business models that offer different types of access as alternatives to ownership.
- **Look for found resources you can share.** Your association may have excess office space or technologies; your staff may have expertise other associations need; your conference may have over-contracted for meeting space and hotel rooms. You may have education courses and materials others could use. Capture the potential revenue from underused resources.
- **Avoid restraint of trade charges.** Industry disruptors may defy existing laws, standards, and business practices. Trade associations need to handle these challenging new entrants with care.
- **Assert and defend your intellectual property.** Intellectual property can be a fluid issue in associations where members are both creators and consumers, and who owns an idea can be disputed. Many people treat information as free for sharing, so set clear policies and enforce them.
- **Find the sharing in your economy and facilitate it.** Pay attention to the sharers in your membership and find ways to facilitate or broker their efforts to share knowledge, services, and products through peer and business exchanges.
- **Boost reputations through sharing.** Consultants, freelancers, and younger members need platforms to establish themselves. Associations can help them gain visibility and increase the availability and quality of expertise within the association's marketplace.

Keyword Search

To continue researching this change driver, use these search terms:

collaborative consumption, collaborative economy, gig economy, peer economy, on-demand economy, uberization, commons-based peer production, Uber, Lyft, Airbnb

Who Will Be Affected

Industries competing with underused capacity or against technology-enabled transactions are vulnerable to disruption. Airbnb adds a new risk factor into conference room block contracting. Association management companies offer multiple associations shared expertise and staffing. Donors and funders increasingly expect philanthropic and charitable organizations to share their capacity to solve problems.

About ASAE ForesightWorks

ASAE ForesightWorks is a deliberate, evidence-based research program and emerging line of products to provide association professionals with a continual stream of intelligence about the changes facing the association industry, including:

- regularly updated action briefs;
- tools for applying insights from the research in your association;
- guidance in performing environmental scans; and
- opportunities to engage with peers around the research.

Ultimately, the program's mission is to empower association leaders to create a culture of foresight.

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