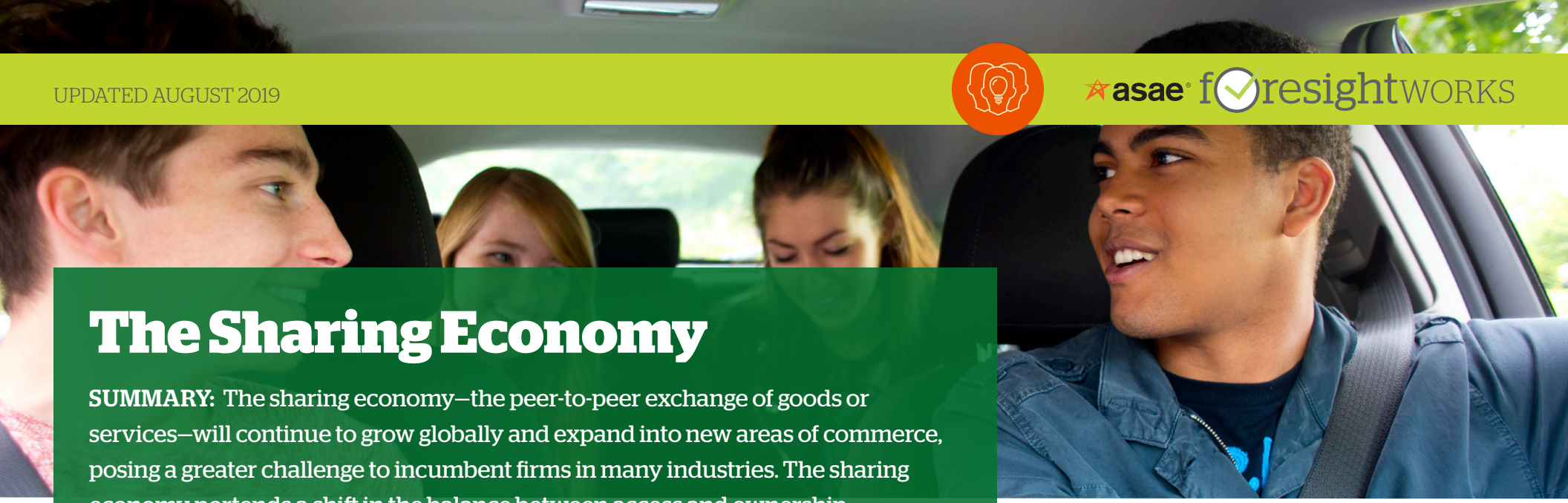
asae foresightWORKS



The Sharing Economy

SUMMARY: The sharing economy—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 rents, and users getting new opportunities to use goods and services with more flexibility. The sharing economy can blur the lines between commercial operations and person-to-person exchanges, creating a growing regulatory challenge.

Forecasts

- The sharing economy will grow. A widely cited forecast from PWC projects that annual global revenues for sharing economy companies will grow to $335 billion by 2025.
- Consumers who choose sharing over ownership will have a lower level of control over these shared resources, and they may need to accept, as examples, uncertainty in the timing or availability of rides or lodging.
- Retirement and household downsizing in developed economies could boost demand for the sharing economy; sharing their resources could also supplement the income of retirees.
- The sharing economy will enable those with modest (or even substantial) means to sample more affluent lifestyles.
- The sharing economy will be a boon in developing countries, enabling work in the informal economy to become more formalized and secure.

Key Uncertainties

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

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Economic conditions driving demand for and availability of shared resources

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Changes in demand for sharing as generations, especially millennials, enter new life stages

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

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Extent of mutual reinforcement between the sharing and experience economies

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New economic opportunities for vulnerable populations who gain as-needed access to new resources

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Supporting Trends

- **The ethical economy.** Younger U.S. consumers are pushing a trend toward more ethical and values-driven spending.
- **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.
- **Alone together.** Single people, young and old, are turning to communal living for social and economic reasons.
- **Inequality of opportunity rising in the United States.** Studies have documented widening gaps in opportunity for U.S. children as a function of socioeconomic status.
- **U.S. income inequality rising.** U.S. income inequality has been rising since the mid-1970s.
- **Autonomous vehicles under development.** Automakers, IT companies, and ride-sharing services are developing driverless cars.

Related Drivers of Change

- Declining Trust
- Reputation by the Numbers
- Ethical Consumption
- The Productivity Paradox
- Blockchain Platforms

Notable Data Points

GROWTH IN CHINA

China's sharing economy grew 41.6% during 2018,
to nearly $440 billion.
The Chinese government wants the sharing economy to reach 10% of national GDP by 2020.

Source: Caixing Global, World Economic Forum

DIGITAL DISCRIMINATION

According to a study of Airbnb, guests with **African-American-sounding names were 19.2% less likely to have their accommodation requests accepted** than customers with white-sounding names. But if the guests had even one positive third-party review, the rates of acceptance were nearly identical between racial groups.

Source: R. Cui, J. Li, D. Zhang, "Reducing Discrimination with Reviews in the Sharing Economy: Evidence from Field Experiments on Airbnb," 2018.

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Strategic Insights

- Trade 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, in relatively early stages
- **Speed:** Forecasts for moderate to rapid growth

Potential Alternative Futures

- **Disintermediation via blockchain:** Blockchain technology replaces economic intermediaries, including sharing economy platforms like Uber and Airbnb.
- **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.

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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.

Check **asaecenter.org/ForesightWorks** and follow **@ASAEfdn** on Twitter for updates on new findings and events.

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