

Is sharing really caring?

The technology that turned every car into a taxi and every spare room into a hotel has revealed an unexpectedly nasty side, according to a Harvard Business School study. **Rita Lobo** investigates how the sharing economy turned sour so quickly

When Rachel Botsman, the author of *What's Mine is Yours: The Rise of Collaborative Consumption*, coined the term 'sharing economy' in 2010, it seemed that we had finally stumbled across a solution to the unbridled, unnecessary consumerism that had started to clutter our homes and minds. Instead of buying things and paying for expensive services, we could rent them off each other, creating a secondary market for our goods and skills. "That power drill will only be used around 12 or 15 minutes in its entire lifetime," she told a conference audience in Texas that year. "Why don't you rent the drill? Or rent out your own drill and make some money from it?"

Why, indeed. It seemed like an obvious solution, and it didn't just apply to power-tools. Got a car you're not using? Why not make a few bucks as a taxi-driver at peak times? Got a spare room in your house? Why not rent it to travellers in search of cheap accommodation?

A new mentality

Social platforms like Neighborrow and Couchsurfing were the early embodiments of the new mentality. Neighborrow allowed you to locate tools, or devices (like a drill) that you might need occasionally, but don't want to buy, right there in your neighbourhood. The site connected you to generous neighbours who could rent you the


US\$11bn
The amount of
venture capital
raised by Uber


80m
The number of guest
arrivals through
Airbnb in 2016

required tool when they weren't using it. Similarly, Couchsurfing allowed you to find like-minded individuals anywhere in the world that you could stay with for free – the payoff for the host was the pleasure of another person's company. The idea was to share resources.

When Uber and Airbnb came along, they added a stronger commercial incentive for people to switch from established service providers, like taxis and hotels: they were drastically cheaper and they were virtually risk free. With Couchsurfing, there was the perceived fear that you'd end up sleeping on a madman's sofa bed, and with Neighborrow someone might steal your drill. But Uber and Airbnb positioned themselves as more than just facilitators: they underwrite transactions, both through insurance and symbolically, through the weight of their brands.

Going corporate

But this corporatisation of the sharing economy is exactly what has effectively spelled out the end of it as an ideology. When people realised there was a lot of money to be made through these sharing platforms, a necessary professionalisation of the services ensued. Why rent your one drill, if you could upscale and rent 10 drills for 10 times the profit? Professional property managers started to invest in Airbnb-specific property, and even



hotels hired their conventional rooms on the platform. Uber has also become a platform for professional drivers – rather than an opportunity for people to make some money off giving rides, which it was originally conceived as.

The same technology that enabled the sharing economy to thrive – digital connectivity, internet payment services, social media – is also the technology that is allowing other services to usurp its place. A drill costs around £30 on Amazon and, if you are in central London, it can be delivered to you within a couple of hours. Why would you hunt down a neighbour if the alternative were so much more convenient?

Scaling up

Like Uber and Airbnb, many platforms originally based on human interaction with our neighbours and sharing have opted to embrace profits and scale up. In the US, Rent the Runway was originally envisioned as a platform to rent dresses from stylish neighbours. Now it rents dresses shipped from enormous out-of-town warehouses. The sharing economy platforms turned out to work just as well as vehicles for corporations to expand their business as it created opportunities for people to share their skills and tools.

With upscaling comes some of the usual problems. Uber is plagued with labour and regulatory disputes, and surprisingly lost its licence in London

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in late September due to concerns over “public safety and security implications”. While the company will undoubtedly come to some sort of arrangement with Transport for London – its claimed 3.5 million customers are far too valuable for it to lose – the dispute shows how regulators are now catching up with such firms. Elsewhere, Airbnb is being hounded by local tourism boards all over the world. A recent Harvard Business School survey pointed to the huge amount of racial profiling that goes on Airbnb's platform: “In particular, black guests tend to have trouble getting approved to stay in a host's Airbnb listing,” according to Harvard Professor Benjamin Edelman.

Some genuine sharing economy platforms, like Couchsurfing, continue to tick along, with many users who are committed to the ideology of sharing goods and services. While the bigger players continue to portray themselves as participants in the sharing marketplace, in reality they are enormous global corporations, turning billion-dollar profits. ■