Can brands unlock the sharing economy?

By Louise Marsland

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Can current business models unlock opportunities within 'the sharing economy', which is a real threat to businesses within the industries in which sharing models are gaining favour? PricewaterhouseCoopers has just released ground-breaking research into this recent economic phenomenon.

This is where PWC started: "Around the world, a new wave of peer-to-peer, access-driven businesses is shaking up established categories. Whether borrowing goods, renting homes, or serving up micro-skills in exchange for access or money, consumers are showing a robust appetite for the sharing-based economy."

PWC wanted to establish the extent of disruption from the sharing economy and what established businesses can do to capitalise on potential new sources of revenue - and not be blind-sided by this transformation of existing business models.

The question asked by PWC, working with research and insights firm, BAV Consulting, is 'Can companies transform today's threat into tomorrow's opportunity?' US consumers were sampled in December 2014 and the results were released a couple of weeks ago.

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Basically, "sharing economies allow individuals and groups to make money from underused assets... physical assets are shared as services", reports PWC in the research, 'The Sharing Economy', part of its consumer intelligence series. Examples given include:

- Hospitality and Dining: CouchSurfing, Airbnb, Feastly, LeftoverSwap.
- Automotive and Transportation: Turo (formerly RelayRides), Hitch, Uber, Lyft, Getaround, Sidecar.
- Retail and Consumer Goods: Neighborgoods, SnapGoods, Poshmark, Tradesy.

- Media and Entertainment: Amazon Family Library, Wix, Spotify, SoundCloud, Earbits.

The sharing economy is only one label being bandied about: this phenomenon is also known as the 'Trust Economy'; 'Collaborative Consumption'; the 'On-Demand' or 'Peer-to-Peer Economy'.

And what is driving it all is the new 'social' economy which fosters a greater sense of trust, community and convenience. Sharing brands are able to scale quickly because of increasing consumer ease in using mobile apps. It is a younger, generational trend at present, definitely driven by the millennial generation, although providers of sharing services are found across all sections of the US population.

Humans have always bartered and traded services and products, but of course the digital age enables much of the interaction and builds brand trust far quicker, tapping into the peer-led influencers that consumers trust more than brands today.

As PWC states: "The ability to monetise underutilised assets, or to forgo buying those assets altogether, has dramatically upended consumer purchase behaviour, particularly when it comes to big ticket items."

PWC listed the core pillars that distinguish the sharing economy:

1. **Digital platforms that connect spare capacity and demand**, easily matching demand and supply in real time.
2. **Transactions that offer access over ownership** - people want choice; ownership can sometimes be seen as a costly burden.
3. **More collaborative forms of consumption** - consumers want more personal interactions.
4. **Branded experiences that drive emotional connection**. Sharing services have become "a platform for an experience" and a trusted 'friend', not just a brand, and this is due to successful social marketing of good brand experiences and user design experience.
5. **Understanding an economy built on trust**. Trust is an elusive factor many brands chase and in the main, consumers are not more trusting of brands or strangers, but trust in peer recommendations is growing as "arbiters of quality".
6. **Rethinking value exchange:** 72% of US consumers surveyed say they see themselves participating in the sharing economy in the next two years.

7. **The push for less friction**. A "frictionless" lifestyle is the buzzword for 2015 and a requirement for consumers looking to lessen the burden of ownership and debt, save time, simplify search and transactions, and save money.

PWC gives a breakdown of the impact on the various industries in the full report, available for free download, and has this advice for organisations wanting to capitalise on opportunities in the sharing economy and leverage the disruption:

- **Create marketplaces:** Assess whether your consumers can create peer-led networks to challenge your organisation's services and decide how to participate.
- **Develop a mitigation strategy:** Partnering with a shared economy provider can mitigate the risk for an organisation that finds itself challenged on its doorstep.
- **Engage in sharing your own asset base:** This includes tangible and intangible assets to create new revenue streams.
- **Effectively tap talent:** Look after talented employees and be flexible on working hours, benefits and innovation to attract and keep top talent.
- **Speak up in shaping regulatory and policy frameworks.**
- **Expand the brand through shared economy experiences.**

• **Never settle for stable:** PWC advises that every business has to continually evaluate how to unlock value and assess new business models in the future.

The PWC report concludes: "Effectively competing in the sharing economy requires sharp insight into the consumer mindset and competitive marketplace, as well as clarity into internal operations. Companies that willingly tackle these challenges will be the ones poised to survive-and the potential ahead will be constrained only by the imagination of decision makers."

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