Sharing Economy and Tourism: Lights and Shadows

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Abstract. Sharing Economy is a new economic paradigm that has spread very fast in the last five years. Today’s economy is market-driven and is seeking new strategies and business models in order to adapt to the challenges present in the environment. The main market drivers are societal, economic and technological. The sharing economy has emerged as a powerful force, changing the traditional ways of doing business. Sharing economy has grown due to several factors: decreased importance of purchasing power, the increase of urbanization in most countries and sustainability aspects that resulted in stronger environmental regulations as well as a change in buyer’s habits and perceptions.

One of the first industries impacted was transportation due to reduced private and public spending after the 2008 crisis and deficiencies in public infrastructures which resulted in changes in customer behavior. Thus different business models have appeared in mobility like carsharing, ridesharing and bikesharing. With different business models - B2C, P2P, non-profit cooperative - but pursuing the same philosophy: customers pay for the time the vehicles are used, the distance covered or a combination of the two. Another very impacted industry is tourism where sharing economy is changing destination choice, increase in travel frequency, length of stay and type of activities developed among others.

Most previous research asserted that sharing economy could produce a big impact in tourism in the near future with huge economic, environmental and societal benefits. Thus, everything looks bright. However, some authors opine that not all is gold that is glittering. Sharing economy has also some undesirable impacts, threatening existing business models, reducing safety in travel, crowding cities and creating precarious by destroying safe employment. Therefore, this work is a thorough literature review that attempts to put on the table lights and shadows in order to make a critical analysis to identify the maximum possible advantages and positive impacts in society. Thus, researchers as well as practitioners will benefit from a complete overview on this new and demanding topic.

Keywords: sharing economy, tourism, carsharing

1 Introduction

Sharing Economy is a new economic paradigm that has spread very fast in the last five years. Today economy is market-driven and is seeking new strategies and business models in order to adapt to the challenges present in the environment. The main market drivers are societal, economic and technological. The sharing economy has emerged as a powerful force, changing the traditional ways of business. Sharing economy has grown due to several factors: decreased importance of purchasing power, the increase of urbanization in most countries and sustainability aspects that resulted in stronger environmental regulations.
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The rest of the article is organised as follows. Section 2 is a review of the literature related sharing economy in tourism. Section 3 describes the advance in sharing economy and identification of the gaps. This article ends with a final section on the analysis of the results, conclusions based on previous analysis and proposals for future research.

2 Literature Review

The last financial crisis times has created in people a growing skepticism towards capitalistic structures and many consumers increasingly turn around toward alternative forms of sustainable consumption (Mohlmann, 2015). Ordinary people are frustrated with the inertia of government policies and large-scale corporate routines and practices, for that reason they are experimenting with different ways of moving around, prevening themselves and make transaction less wasteful and potentially more social. These initiatives challenge dichotomies between public and private spheres and market forms of governance and economic and social objectives (Morgan and Kuch, 2015). In addition, crisis times have pushed new media issues for people to share encouraging more efficient resource use, improved social benefits and reduced environmental pollution (Barnes and Mattsson, 2016).

Therefore, sharing economy can be analyzed since two viewpoints: offer and demand. When demand is studied collaborative consumption is called.

The first time that this term was used with its current meaning was by Algar in 2007, in speaking about the main characteristics of collaborative consumption. Later, Botsman and Rogers (2011) examined this concept in depth as a movement that proposes a socially enriched economy, in which new business models and social innovation are the key drivers. Belk (2014) definition of collaborative consumption is people coordinating the acquisition and distribution of a resource use for a fee compensation for a fee or other compensation without ownership. Mohlmann (2015) excludes sharing activism where no compensation is involved as well as gift giving. In addition, Morgan and Kuch (2015) state that sharing economy entails ways in which TICs are empowering individuals to distribute, share and reuse excess capacity in goods and services. Others authors make the same statement. Thus, collaborative consumption is radically changing consumer behaviour (Belk, 2014). Collaborative consumption is having a disruptive impact on supply chain in many industries (Barnes and Mattsson, 2016). Tourism is one of more active and affecting industry. In transportation, carsharing members are able to travel more cheaply than other modes of car. Given that business models in collaborative consumption are multiple, the definition of collaborative consumption used to imply that individuals are prosumers, both producers and consumers (Barnes and Mattsson, 2016).
Botsman and Rogers (2011) state that benefits of collaborative consumption for customers are benefits of ownership, burden economic reductions, and lower environmental impacts. However also there are some disadvantages like increase of rental prices, quality reduction and loss of consumer rights (Morgan and Kuch, 2015).

The growth of collaborative consumption seems guaranteed. In this sense, Barnes and Mattsson (2016) developed a Delphi study with 25 experts in order to identify the key drivers and inhibitors in collaborative consumption. On the one hand, these authors found like main drivers the following 1. Internet mobile phones and Smart technologies 2. Digital relationship and social networks 3. Financial benefits and 4. Social change. On the other hand, main Inhibitors are 1. Lack of awareness, 2. Materialist cultural norms, 3. Lack of infrastructures and 4. Hiper consumption behaviour. A first analysis shows that divers are more powerful than inhibitors for consumers. Especially, given that young generations have different materialism values than their parents, have born with new technologies and are totally immersed in smart mobile technologies.

In the case of hospitality, Mohlmann (2015) studied the case of Airbnb determinants of use and found that the main drivers are cost savings, familiarity with the platform, trust and perceived utility.

From the offer side, sharing economy has been conceptualized as a business model that refers to peer to peer based access to good and services. The term collaborative or sharing economy (the terms collaborative, sharing or Peer to Peer (P2P) are used to convey the same meaning (Ivanova, 2015). This situation shows that there is not a consensus definition yet. In addition, this new business models are not free of conflicts between governments and corporations (Rodriguez-Anton et al., 2017).

Thus, sharing economy is conceptualized like a main economy system in which assets or services are shared between private individuals either for free or for fee typically by means of internet innovative business model. In other words, companies provide online markets places where goods and services are shared at lower prices a previously unimaginable scale (Mohlmann, 2015). Therefore, the value of taking underutilized assets and making them accessible online leads to a reduced need for the ownership of these assets (Ivanova, 2015).

Previous research pointed out the sharing economy has displayed a number of benefits (Owyand et al., 2013; Dervojeeda et al., 2013; Cohen and Kietzmann, 2014): 1) the reduction of the need for individual ownership; 2) the reduction of prices; 3) the reduction of excess capacity and increases in the use of underutilized resources; 4) more money in the pockets of customers, so they can consume other goods and services; 5) reductions in pollution; 6) improvements in the importance and awareness of sustainability; and 7) the reduction of deficiencies in public services as a result of new business models (e.g. car sharing, ridesharing and bike sharing).

However, as aforementioned, this situation is not free of conflict. Some pioneering research (Owyand et al, 2013; Beck, 2014; EU Innovation Observatory, 2014; Cheng, 2015) has pointed out a number of specific problems with the sharing economy that are as yet unresolved: 1) vigorous opposition by industries; 2) pressure on government to regulate collaborative business; 3) environmental regulations; 4) loss of revenues and profits for traditional marketers; 5) regulation and legal battles (tax, competence, insurance); 6) lack of trust in the quality or reliability of the services; 7) lack of industry reputation systems and standards; 8) current players who view sharing as a threat to their current business models; 9) the many types of collaboration that can occur: reselling, renting, subscriptions, co-ownership, swaps and gifts, among others; and 10) new payment methods that are appearing: virtual currency, peer currency and social capital, among others.
In this sense Airbnb is one of pioneers and leaders in sharing economy businesses. This company based in hospitality, offers a double win to both owners and renters. Fang et al. (2016) studied this company and some of their conclusions are the following. First, Airbnb is taking the role of low end hotels, thus a substitution effect is happening in accordance with Porter five forces model (Porter, 1995). Second, owners can earn an extra income and renters can book accommodations at lower cost. Third, visitors who choose airbnb accommodations spend more days traveling, consequently the market size of the tourism industry is expanding for the increase in the number of visitors. Finally, the benefits are unclear from a macroeconomic viewpoint because Airbnb room owners, usually, do not need employ workers, thus the social unemployment rate could increase due to the closure of such low-end hotels. Also, economic impacts in monetary income is not proven yet.

Another relevant issue is the quality and trust in these new business models. Trading with strangers in sharing economy markets places involves asymmetric information and economic risk. Therefore, these businesses have developed reputation mechanics to encourage trust among traders (Ert et al, 2016). Personal recommendations are one of the major reasons why strangers are willing to engage in sharing activities (Owyang et al., 2014). Thus, personal who provides the service becomes an integral part of the experience. Therefore, host attributes are critical in ensuring the quality of service (Ert et al, 2016). In fact, these last authors asserted that better reputation is correlated more sells and higher prices. However, this assertion should be taken with caution because empirical research is very scarce yet.

3 Sharing Economy Advances and Gaps

Previous research shows that there is a clear lack of knowledge in sharing economy yet. Following advances and gaps in sharing economy in tourism will be emphasized.

First, there is not a clear definition about that sharing economy is. In fact, one of main characteristics of this business model – social media internet platform- does not exist in some of these initiatives like Free Tours. Free tours offers guided touristic tour and only pays if the visit pleased you.

“The tours are charged for at the end - that's how the new "Free Tours" of the city work. Certified tour guides wait at fixed meeting points for tourists who'd like to go on a tour of the city. Most of the various walking tours lead to the most important sights in downtown Vienna and give a good initial overview of the city. The guide leads the tour in return for tips. That means the participants give the amount they deem appropriate at the end of the city tour. If they didn't enjoy it, they don't have to pay a cent.” https://www.wien.info/en/sightseeing/tours-guides/free-tours revised March, 27, 2017.

Second, there is a lot of news about main considered sharing economy companies like Airbnb, Uber or Car2go among others. However, the information is merely descriptive without any deep. Thus, more research in sharing economy companies in needed with academic focus. Some issues although not only them could be 1. strategies, resources and capabilities are deployed companies in the sharing economy; 2. Strategies responses from competitors; 3. Diffusion and consequences of sharing economy companies in market dynamic and performance; 4. Organizational design and behavior; 5. Role of trust and ethics in the development of sharing-economy markets; and finally 6. Relationships, changes and lessons for supply chain, accounting, governance, marketing, public policy, finance, and sociology among others.

Third, regarding the sharing economy emergence the most of research pointed out to the last financial crisis, which has reduced people’s power acquisition worldwide. However, little research has deepened in which conceptual models and empirical analyses are useful to understand the antecedents, consequences and contingencies associated with sharing-economy. In line with that data also it is
important the insight of the key principles that drive and accelerate the growth of sharing-economy markets and the principles that predict imminent failure.

Fourth, sustainability and environment have been one of main points to create and involve in sharing economy. However, Barnes and Mattsson (2016) found that environmental concern was considered of minor importance. Then more research about the role of sustainability in promoting sharing economy is needed. This point is relevant given the role of sustainability in tourism in order to build a long term social and responsible maintenance of natural, historical and cultural resources and heritage (Alonso-Almeida et al., 2015; Alonso-Almeida, 2013).

Finally, the sharing economy also raises questions regarding governance and social impact. A Sharing Economy in Tourism Roundtable developed in Madrid March, 23 of 2017, stressed the lack of regulation and all stakeholders represented –academy, companies, public administrations, associations- asserted that regulation is the key critical point in this stage. However, nobody knows how that regulation should be. In addition, one advantage of sharing economy is that it can help solve some public good problems and social issues. Nevertheless, empirical research is very scarce and confusing yet. Some areas of concerns are employment and working conditions in sharing economy.

4 Conclusions

Sharing is not anything new: It is a phenomenon that is as old as humankind, and consequently, a sharing or collaborative economy is not something that is completely new. Collaboration among companies has been a growth strategy since the seventies. Nevertheless, the Internet and the development of information technologies and its democratization have fostered new ways to share goods and services among owners, producers and consumers.

Some authors asserted that in the long run the sharing economy will be the predominant economic force that contributes to the economic revolution raising productivity and catalyzing individual innovations through the called collaborative value creation movement. Thus, sharing economy will be included in hybrid economics where multiple modes of exchange (Scaraboto, 2015) exists. Nevertheless, today’s economy is market-driven and is seeking new strategies and business models in order to adapt to the challenges presented in the environment. The so-called collaborative or sharing economy has emerged and has created a powerful force, changing the traditional ways of doing business. Traditional business models produce goods and services, and customers buy them. In the current sharing economy, the focus is the use (in different ways) of a good.

Nevertheless, there is, in fact, a lack of research on this relevant topic, given its embryonic stage. Therefore, it is now the time to move ahead on this topic to generate knowledge of, regulations for and trust in this new economic paradigm. Specifically, there should be research regarding 1) the impact of the sharing economy; 2) the sharing economy’s drivers, barriers and enablers; 3) entries from start-ups and job creation; 4) legal regulation and self-regulation 5) trends and the future, among other questions.

Facing this challenge is critical and relevant, given that the sharing economy is booming in tourism, and the economic and social impact in Europe could be high. Therefore, if this challenge is not properly managed, Europe’s economic competitiveness and social cohesion will certainly be seriously damaged.
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