

‘SHARING ECONOMY’ BENEFITS USERS, THREATENS TRADITIONS

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Social media, launched in earnest by Facebook just 11 years ago, continues to proliferate and exert more influence on daily life and human interaction. Facebook is now enjoyed by over 1 billion users. On the foundation of this digital invention, the economy has seen a proliferation of companies that monetize the act of bringing people together for face-to-face communication, transportation, travel and accommodation. This has raised alarms from governments and organized labor. It has also served to foster a sense of community and a commitment to social responsibility.



Take Airbnb Inc. My family just returned from several days in Idaho. We stayed in remote cabins where we forged genuine friendships with our hosts. Airbnb enables owners of a broad range of accommodations to put out a “vacant” sign online. Would-be guests are able to do a search that organizes vacant accommodations by location and cost. Guests are able to check the profile and reviews of each inn. Equally accessible are the profiles of prospective guests together with reviews about them from those with whom they have previously stayed.

This business model depends on: 1) GPS that takes the location of prospective guests and matches them up with willing hosts; 2) a form of online payment such as PayPal, Apple Pay, or Google Wallet; and 3) an online review system.

Airbnb, a house and apartment rental company, has battled regulators since opening in 2008. Today it boasts 1.9 million listings in 34,000 cities among 190 countries worldwide and has its sights set on China.

Uber Technologies Inc. is an international transportation company that enables people with smartphones to deploy an app to hail rides from drivers who use their own cars. Founded in 2009, Uber is now available in 300 cities and 58 countries.

Building on the business model of peer-to-peer transactions led by, Airbnb, Uber and the earlier thought leader, eBay, is RelayRides, which launched in 2012. This company gives those who need to rent a car the ability to contract with car owners who set the price to share their private vehicles.

There are also many specialized peer-to-peer companies that deal in services as wide-ranging as house and boat swapping, dog walking, baby sitting and house cleaning.

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Tremendous opposition to the so-called “sharing economy” has arisen from multiple quarters. Governments are concerned about the erosion of the tax base. Taxis in New York and Paris are taking massive losses as their business dwindles. Unions and departments of labor are working at fever pitch to ensure workers’ rights such as health insurance.

Oddly, while the tax base is threatened on one hand, government surveillance may be easier because all of the transactions occur online. The under-the-radar cash transaction is no longer an easy option when using social media to secure products or services.

What strata of society have access to the sharing economy? Active participation requires one to own a smartphone, be facile with social media and have a modicum of financial, material or service-based resources to exchange. Those most likely to miss out are seniors, the uneducated and people below the poverty line. Sure, there is a ripple effect. Our good friends own a cabin in McCall, Idaho. Their grannies live next door and meet and greet the guests that book online.

Does the sharing economy generate a more compassionate and socially responsible culture? In the conventional economy, consumers are not subject to reviews and ratings. There is certainly fresh incentive to be civil and responsible when one knows that late payments could result in a boot from eBay or that being rude on an Uber fare or being a slob during an Airbnb stay might mean that the next driver or host will not accept your request for service. Interacting in this world must motivate some less desirable characters to clean up their act and present a civil face, however superficial. Still, the depth and quality of human interaction that is part of the sharing economy creates not only functional accountability, but also a genuine sense of community.

The sharing economy does far more than facilitate an efficient use of excess resources. With Uber and Airbnb no cash changes hands, and there is no pressure for a tip. The quality of conversation during a 30-minute Uber drive tends to be relaxed and genuine.

Marriott Hotels, a conventional hotel chain that historically has employed a standard model of reservations, check-ins and checkouts now emulates the quality of service offered by the sharing economy. The hotel will designate a friendly host to meet guests in the lobby and take them up to their room, eliminating the wait at the lobby desk.

The sharing economy is a disruptive innovation where there will continue to be winners and losers. The more successful peer-to-peer companies have quickly grown to mammoth proportions. Nevertheless, although they are corporate, each customer is interfacing with another human being. At the end of the day, this imbues our culture with a greater sense of kindness.