

# PEER-TO-PEER: DARE TO SHARE?

Coined as the 21st Century's 'Collaboration Revolution', global indicators point towards the rapid rise of the Sharing Economy. This translates to both opportunities and warnings for New Zealand. Julia Charity investigates.



Another example of the sharing economy might be Velib in Paris, the biggest bike sharing in the world run by the Paris Town Hall since 2007. It has 20,000 bikes covering the city, available 24/7 with 1800 bike stations located every 300 metres. Visitors buy one day or week long tickets to use the bikes as they need.

Just as peer-to-peer businesses like TradeMe have allowed anyone to become a retailer, a new wave of sharing sites lets consumers take their under-utilised resources and recycle them back into the economy, for a profit. Obvious examples are houses, spare rooms and cars.

Online marketplaces connecting individuals who wish to serve each other's needs are now available for holiday houses or spare beds (BookaBach, AirBnB, Look After Me), cars (BlaBlaCar, Uber, Zoomy), micro-tasking (TaskRabbit, PocketJobs), goods & services (Swap or Trade It), fundraising (PledgeMe, Snowball Effect, Indigogo) or money lending (Lending Club, Harmoney). There are even peer-

to-peer sites for under-utilised wi-fi, camping or parking spaces.

A global study of more than 30,000 participants in 60 countries revealed that two thirds of online consumers are willing to share or rent their personal items for payment, according to market research company, Nielsen. The same proportion are likely to use the products and services from others in a sharing community. Some nations were more receptive than others, with 94 percent of Chinese indicating their willingness to participate in a sharing community.

"Sharing communities have given rise to an economic revolution that is having an impact," said John Burbank, President of Strategic Initiatives at Nielsen, in a statement.

"There is now an established comfort level that has opened the door for sharing personal property via the internet that may have seemed unfathomable even a few short years ago."

## STATE OF PLAY IN NEW ZEALAND

Online heavyweight TradeMe set a precedent for New Zealand to carve its own digital path against the global backdrop of eBay. eBay tried to enter the New Zealand market in 2001, but had little success.

Further evidence that American models don't necessarily work for New Zealand has been the adaptation rather than straight adoption of other global consumer digital trends. For example, Kiwi daily deal site GrabOne is a local

equivalent of the global Groupon, while neighbour-sharing platform 'Neighbourly' is the New Zealand equivalent of America's PeerBy.

New Zealanders were first introduced to sharing platforms for short-term holiday rental accommodation with Bookabach (2000), Holiday Houses (2003) and Holiday Homes (2004). New Zealand peer-to-peer site "Look After Me" was founded [by the writer – Ed] in 2011 as an online market place matching guests with short-term accommodation in spare rooms. It has become the nation's largest and fastest-growing homestay network.

Peer-to-peer lending is also completely changing the way people borrow and

invest. Harmoney, launched in New Zealand in 2014, matches borrowers with lenders and receives a fee for doing so.

"New Zealand is one of the hardest markets to break into," says Creative HQ Director Stefan Korn. "I can understand why Kiwis do things their way – Kiwis like doing business with Kiwis."

"I think in terms of collaborative consumption, New Zealand is on the back foot. We were 10 years behind global innovation when TradeMe came along."

## CARE, SHARE... BUT IS IT FAIR?

The term 'sharing economy' is a bit of a misnomer. By definition, sharing is free so how can it involve an economy where money is involved?

Tony Greenham, Head of Finance at the New Economics Foundation in London, said in a statement that "the 'sharing economy' label has been used to describe wildly different things. There's Uber [car-sharing platform], which is trying to dress a traditionally capitalist business model in the cuddly clothes of 'sharing'."

Although technologies like AirBnB and Uber are disruptive through their innovative approach, the New Zealand technology and business writer Bill Bennett warned in a blog that: "The people behind Uber are not philanthropists fighting for a better world, they are hard-headed business people with all that entails."

Bennett continues, "if New Zealand's taxi operators were smart, they'd have disrupted themselves getting an Uber-like product out before the US giant rolled up in this country. It may be too late to do that now. It would be good to have a local, better alternative to Uber in the same way TradeMe is a local, better alternative to eBay. That's the real lost opportunity."

Whatisitwellington's Ian Apperley claims there is a war between the old, dinosaur business model of the 20th Century and emerging, exciting new business models of the twenty-first century.

"The Taxi Federation would be better working on new technologies for its members rather than engaging in a propaganda war with Uber and, while it may win this battle, it risks losing the war," he says. **M**

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## THE RISE OF A COLLABORATIVE REVOLUTION?

Peer-to-peer consumerism has been extremely successful overseas and is growing at nearly 200 per cent per annum and the ripple effect of AirBnB on entrepreneurial ecosystems has given rise to a suite of derivative businesses.

"This is a gold rush," said Tony Tjan, chief executive of Cue Ball, a Boston venture-capital firm in a press release. "You can either mine for gold like Uber or Airbnb, or you can sell the pots, the pans, and the Levi jeans."

As proponent of the sharing economy, Rachel Botsman, author of *What's Mine Is Yours: The Rise of Collaborative Consumption* on the subject, says "access trumps ownership." She estimates that the consumer peer-to-peer rental market alone is worth US\$26 billion.

"I believe that we are at the start of a collaborative revolution that will be as significant as the Industrial Revolution. In the 21st Century, new trust networks, and the reputation capital they generate, will reinvent the way we think about wealth, markets, power and personal identity, in ways we can't yet even imagine," she says.