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# The Bulletin

## Is the Collaborative Economy Reshaping Business?

In a "collaborative economy," people obtain essential goods and services from each other rather than from established brands and businesses. Just as social media enabled peer-to-peer (P2P) sharing of content, the technologies and peer communities underlying the collaborative economy enable P2P sharing of goods, services, transportation, space and money at a speed and scale unimaginable a decade ago.[1]

Underlying the collaborative economy is a slew of buzzwords that cause some to question whether the concept is just a passing fad. However, there are also well-funded established companies and startups that facilitate the sharing that makes the collaborative economy possible. Like the early days of the Internet and social media, the collaborative economy has its champions and skeptics. This issue of *The Bulletin* explores why it is a strategic imperative to watch developments with the collaborative economy closely to ascertain whether established business models will be at risk or have an opportunity to enhance the customer experience.

### What Is the Collaborative Economy?

In 2011, collaborative consumption was named one of *TIME Magazine's* 10 ideas that will change the world.[2] The collaborative economy is what some call the "sharing economy" or "peer economy," as it involves shared creation, production, distribution, trade and consumption of goods and services by different people and organizations. These systems take a variety of forms, often leveraging technology to empower individuals, corporations, nonprofits and governments with information that enables distribution, sharing and reuse of excess capacity in goods and services.

From a societal standpoint, when information about goods and services is shared, the value of those goods and services may increase – for the business, for individuals and for the community. Unused value is not waste, but rather an opportunity to create value through more efficient use of resources for the benefit of society as a whole.

For example, excess capacity of infrastructure, owned assets and talents can be made available to the wider market through networks, communities and technology-enabled platforms. This point of view asserts that shared social and economic activity can provide powerful solutions to address worldwide resource depletion as population growth continues. In effect, "the crowd" is empowered to share the physical world with each other rather than buy it from established companies and brands, raising a host of questions about the function of the corporation and brands as well as regulatory issues.

### The Emergence of Collaboration

Conceived in the era of timesharing and leveraged by a small group of researchers, the Internet became a commercial juggernaut in the era of personal computers, client-servers and peer-to-peer computing. With the emergence of affordable and portable computing and communications through laptop computers and web- and mobile-based technologies, social media emerged. A compendium of many highly accessible media, social media leveraged the power of Internet, Web 2.0 and mobile technologies to facilitate the creation, exchange, use and modification of user-generated content in an interactive dialogue among organizations, communities and individuals.

Then came social business, which leveraged social media to accomplish business objectives by embedding social tools in many business processes, connecting people to people, people to information and data to insight. Social business has augmented the B2B (business to business) and B2C (business to consumer) marketing models, allowing businesses to humanize themselves, and giving marketers a broader view of the market and value chain in which everyone is a potential buyer. Through social business, the emphasis on managing customers shifted to engaging customers with goals around deepening relationships, increasing revenue, reducing costs and protecting reputation.

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1 "Sharing Is the New Buying: How to Win in the Collaborative Economy," by Jeremiah Owyang, Alexandra Samuel and Andrew Grenville, 2014, page 3: www.slideshare.net/jeremiah_owyang/sharingnewbuying.

2 "10 Ideas That Will Change the World," *TIME Magazine,* March 17, 2011: http://content.time.com/time/specials/packages/0,28757,2059521,00.html.

Social business has enabled companies to create a platform for offering innovative ideas, resources and rewards to the marketplace. Once goods are sold through this platform multiple times to multiple individuals, opportunities to offer value-added services arise. This evolution leads to new branding opportunities. By harnessing the value of social networking, innovative businesses are able to engage customers on a whole new level, improve their products and processes continuously, and brand their products and services distinctively in the public eye.

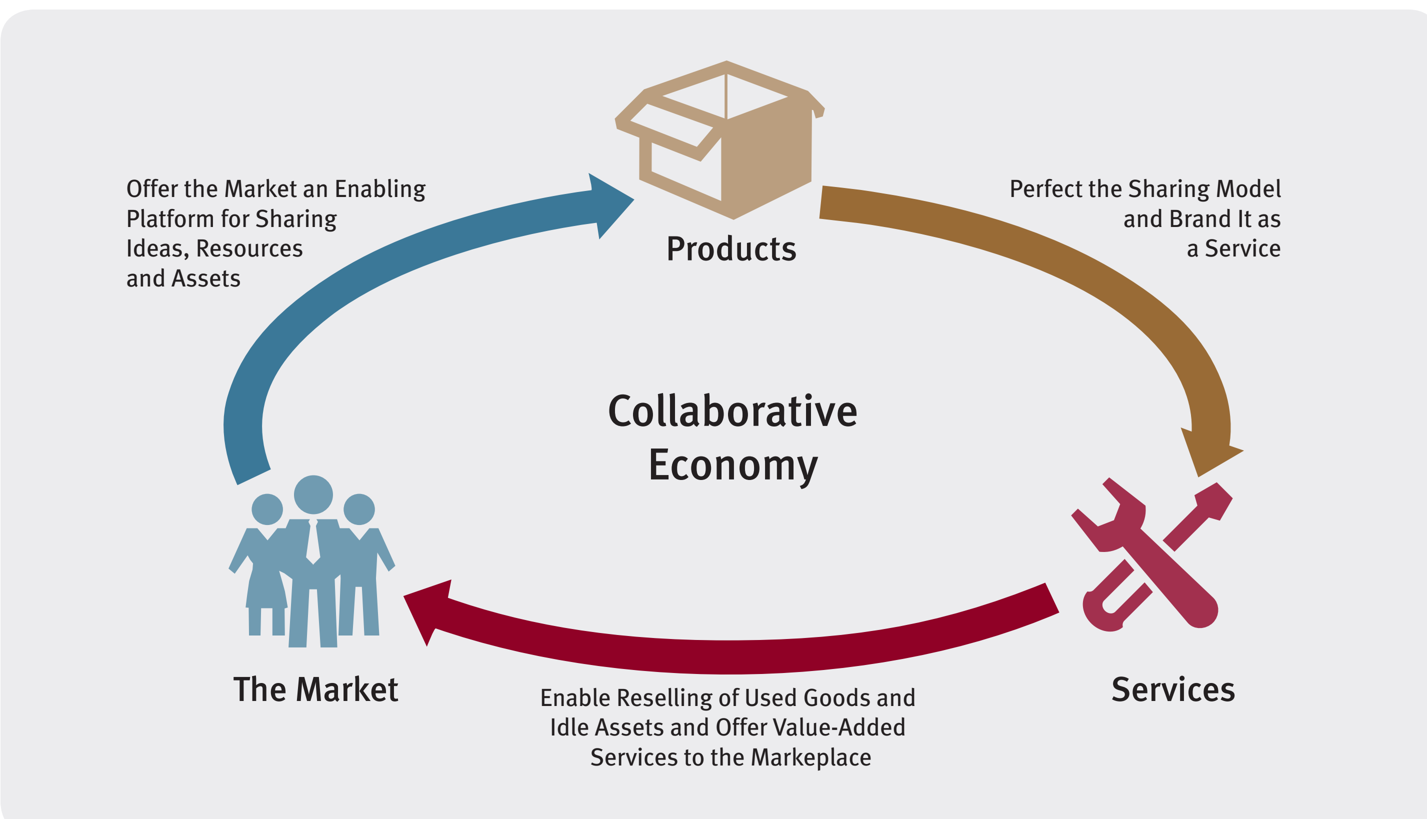
With this transition from the Internet to social media to social business, we now see the true "social business" emerging through the collaborative economy in which idle time and used physical assets are being shared peer to peer (P2P) in lieu of sharing media (text, pictures, videos and content). The collaborative economy builds on the same enabling technologies that make B2B and B2C social business possible. It is based on the premise that people, whether they are making a purchase for business or personal reasons, often turn to their social networks when making buying decisions. Larger networks, coupled with more access to technology, are creating more transparency for consumers and, in effect, empowering them by reducing the need for vendor-driven information and reliance on salespeople. More sources arise to assist people making purchasing decisions. As the collaborative economy grows, it creates a new landscape for businesses and marketers.

## What's New With Collaboration?

Collaboration has been around since human beings realized their chances of survival as a species were greatly enhanced by sharing and collaborating. Nations have collaborated for centuries. In the modern era, businesses collaborate through strategic alliances, joint ventures and other forms of partnering to share capital investment and risk associated with entering new markets, providing new products and offering more services, all with the objective of accelerating profits and acceptable returns at acceptable risks.

People collaborate in communities to support charities and improve education systems, among other things. Sharing of use rights (e.g., timeshares) and lodging (e.g., "bed and breakfast" and "room and board" alternatives), as well as sharing of ownership and decision-making in electric, telephone, marketing, manufacturing, banking and farm supply enterprises (so-called "cooperatives") has been going on for a long time.

But now, technology is enabling the marketplace to take collaboration to a different level and scale. Mobile devices, social media, secure and simple payment systems, and sensors (which fuel the evolving "Internet of Things") are enabling collaboration on a whole new level. Indeed, what's been "old" is now emerging as "new." And with economic, social and sustainability issues kicking in, this new emphasis on collaboration could be here to stay.




*Adapted from Jeremiah Owyang's "Collaborative Economy Value Chain," Crowd Companies™, www.crowdcompanies.com.*

## Who Are the Movers and Shakers in the Collaborative Economy?

The collaborative economy has its pioneers with respect to goods and services. For example, eBay offers an online auction and shopping website where people and businesses buy and sell a broad variety of goods and services worldwide. A public company since 1998 and supported by a secure payment system, eBay generates revenue through fees for services, listing product features and a final fee for sales proceeds paid by sellers. Goods sold may be new or pre-owned. Craigslist is another pioneer, providing a classified advertisements website devoted to jobs, housing, personals, items for sale, and items wanted, among other things.

> *We now see the true "social business" emerging through the collaborative economy in which idle time and used physical assets are being shared peer to peer in lieu of sharing text, videos and other media. The collaborative economy builds on the same enabling technologies that make business-to-business and business-to-consumer social business possible. As it grows, it creates a new landscape for businesses and marketers.*

In effect, eBay and Craigslist have created a market in goods. The collaborative consumption model is being driven in emerging sectors such as social lending, P2P accommodations, P2P travel experiences, P2P task assignments, and travel advising, car sharing, or commuter-bus sharing. There are many contributors to the collaborative economy in a variety of industries, e.g., food, services, transportation, space and money in addition to goods. One of the best visual representations of the over 9,000 companies comprising the collaborative economy is Jeremiah Owyang's Collaborative Economy Honeycomb, which arrays over 75 companies among various markets and sub-markets.[3]

To illustrate the storyline underlying some of the collaborative market makers, we've provided some commentary below in each of the six categories in Mr. Owyang's Honeycomb:

### GOODS

The world's first and largest online seller of custom products, **CustomMade** is an online marketplace founded in 2009 that connects customers with independent artisans who produce custom-designed furniture, jewelry, home décor, and other personalized items. They have 3,500 custom makers registered on the company's site. The idea is to link shoppers who want something made to their specifications with a talented individual maker who can produce the item according to the desired specifications. In the end, the objective is to help shoppers get exactly what they want.

Based in New York City and also founded in 2009, **Quirky** is an invention company that allows inventors to submit their ideas, while also assisting them in the development process. The company's website helps inventors take the products resulting from their ideas to market by offering an online shop for people to sell their inventions as well as retail channels like Home Depot and Best Buy. The company's business model is focused on stripping away the barriers to market entry that stand between a regular citizen with a practical idea and the desired end result, a fully developed product that can be marketed and sold to consumers. Individuals choosing to market their products through Quirky receive a portion of the profit made. Using the power of community, the company has developed 370 products as of the date of this writing.

### FOOD

A number of startups have emerged In the collaborative economy, including **Cookening**, **EatWith**, **Meal Sharing**, **Feastly** and **Kitchensurfing**, to provide locally home-cooked meals for takeout from, or through dining experiences hosted at, people's homes. In effect, restaurants are no longer the only option available to people who want to "go out for dinner." Now consumers can consider dropping in on someone's home for a sumptuous local meal prepared by a passionate chef.

### SERVICES

**TaskRabbit**, founded in 2008, is an online and mobile marketplace that allows users to outsource small jobs and tasks to others in their neighborhood. Users name the task they need done, name the price they are willing to pay, and a network of pre-approved "TaskRabbits" bid to complete the job. As work becomes more flexible, the TaskRabbit business model enables people from all walks of life to set their own schedules, quote their own rates, describe the skills they have and what they're good at, and pair up with assignments requiring those skills.

A more recent start-up, **Deliv** is a crowdsourced delivery service used by retailers and malls that offers shoppers located within a certain geographic radius of the retailer or mall delivery of their purchases on the same day of purchase, whether the purchase was online or at the store. The offer for delivery is typically made at the point of sale at a nominal price or even free if the retailer or mall is using the service to stimulate sales and as a competitive differentiator.

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[3] Collaborative Economy Honeycomb, Version 1.0, Jeremiah Owyang, Crowd Companies™, available at www.web-strategist.com/blog/wp-content/uploads/2014/05/Honeycomb.jpg.

### TRANSPORTATION

**Uber**, founded in 2009, is a ridesharing service that uses its own smartphone application to connect passengers with drivers of vehicles for hire. Customers use the app to request rides at any time and track their reserved vehicle's location. Through dynamic pricing, riders incur fluctuating fares depending on traffic and other factors, with the fare communicated and approved before a trip is confirmed. At the time of this writing, the service was available in 45 countries and more than 100 cities worldwide.

Founded in 2009, **Getaround** is an online car sharing or peer-to-peer car sharing service that allows drivers to rent cars from private car owners and owners to rent out their cars for payment. The business model is built on a twofold premise. First, our transportation system is inefficient and unsustainable, and there are too many cars on the road. Second, the average car sits idle 22 hours a day, or 20 billion car hours wasted every day. Every car on Getaround takes 10 cars off the road. Thus the Getaround business model asserts that sharing cars makes a difference.

### SPACE

Founded in 2005, **HomeAway, Inc.**, is a vacation rental marketplace with more than 1,000,000 vacation rental listings in 190 countries. The company offers a comprehensive selection of rentals for families and groups to find everything from cabins, condos and castles to villas, barns and farmhouses. HomeAway's site is designed to eliminate the frustration of searching regional websites for vacation rental options, posting the offers, availabilities and prices for renters. It fills a viable niche in the growing vacation rentals market, offering more room for money paid, lower cost per person and even superior locations.

Founded in 2008, **Airbnb** is a website that enables people to rent out lodging at substantially lower prices than the name hotel chains; it has more than 500,000 listings in over 30,000 cities and across nearly 200 countries, a geographical presence few if any hotel chains can match. Counting beds on offer, Airbnb is already among the five largest hoteliers in the world.

*When shrinking wages and growing income disparity across the general population are coupled with 1) ever-rising public concerns over environmental and community sustainability, and 2) the public's realization that governments are not providing meaningful solutions to address those concerns, opportunities for growing a collaborative economy emerge in which people are proactive in helping themselves and each other.*

Founded in 2012, **ShareDesk** offers opportunities to rent short-term, affordable, on-demand, flexible offices, private studios, coworking spaces, shared workplaces and meeting rooms. Also founded in 2012, PivotDesk helps startups and small businesses find affordable, short-term office space, enabling companies to derive income from their excess office space. The value proposition offers a business traveler needing a conference room for a few hours or for an extended period the option of obtaining one at an affordable price to meet people and conduct business without incurring the cost of leasing and managing office space.

### MONEY

The world's largest peer-to-peer lending platform, **Lending Club** operates an online lending platform that enables borrowers to obtain a loan, and investors to purchase notes backed by payments made on loans. The value proposition for borrowers is clear: obtain funding at lower than credit card rates. Meanwhile, investors earn interest income while undertaking credit risk.

The collaborative economy may provide offerings in other areas as well, e.g., education and healthcare. Even the faith-based economy provides opportunities for sharing space rather than building new facilities in already crowded urban areas.

Investors are placing significant bets on these and similar businesses. During the first nine months of 2014, there were 39 funding events with average funding of about US$300 million each month, or US$2.7 billion year-to-date. It is no surprise investors are willing to fund these ventures, as they offer scalable business models run on top of highly adopted social and mobile technologies. They also offer a high frequency of transactions, with low operating costs.[4]

Do these developments foretell fundamental changes in the way people purchase and consume?

## What Are the Drivers of Collaboration?

There are many assertions around the drivers of consumer interest in sharing rather than owning, including the desire to be a "good neighbor," disillusionment with an acquisitive consumer culture that results in wasted idle resources, and the propensity of millennials (versus older generations) to collaborate. While some or all of these factors may have some degree of relevancy, the true drivers are much more fundamental.

The World Economic Forum's latest global risk report provides more insight as to the true drivers. According to that report:[5]

- The risks considered to be high-impact and high-likelihood are mostly environmental and economic in nature and include

[4] "Even More Money Funnels into the Collaborative Economy (Part 3)," by Jeremiah Owyang, Web Strategy blog, September 20, 2014: www.web-strategist.com/blog/2014/09/20/even-more-money-funnels-into-the-collaborative-economy-part-3/.

[5] *Global Risks 2014, Ninth Edition,* World Economic Forum, 2014, page 9: http://reports.weforum.org/global-risks-2014/.

severe income disparity, structurally high unemployment, and underemployment and fiscal crises in key economies.

- The risks perceived to be most interconnected with other risks are macroeconomic – fiscal crises, and structural unemployment and underemployment – with strong links to rising income inequality and political and social instability.

These are powerful market forces driving behavior throughout the economy. According to a Pew Research Center survey, today's average hourly wage has about the same purchasing power as it did in 1979, following a long slide through the 1980s and early 1990s and choppy growth since then over the most recent 35-year period.[6] Shrinking wages and growing income disparity across the general population provide strong motivations to supplement earnings with new sources of income, as well as procure goods and services at lower cost.

When these forces are coupled with 1) ever-rising public concerns over environmental and community sustainability, and 2) the public's realization that governments are not providing meaningful solutions to address those concerns, opportunities for growing a collaborative economy emerge in which people are proactive in helping themselves and each other. The value proposition compelling people to open up their homes, cars and possessions to complete strangers simply boils down to money. Collaborative consumption also reduces the urban carbon footprint by sharing transportation and assets, and saving costs and resources by borrowing and recycling items. The sharing of idle assets and the so-called "maker movement" is appealing to those who value "going green" and supporting sustainability by re-using the earth's treasures. This, too, is a value proposition that helps drive the collaboration movement.

As the real economy has continued to struggle, sharing and collaboration result strictly from mutuality of interests. In effect, depressed labor markets incent people to monetize their possessions, time and talents in whatever ways they can. Indeed, the collaborative economy may be symptomatic of a damaged real economy and nonresponsive public policy.[7]

## Considering the Effects of Collaboration and Sharing in Strategy-Setting

Yes, there are skeptics of the collaborative economy, just as there were plenty of "Who cares what you did today?" criticisms of Twitter in its early days. But here's the reality: As technologies such as mobile devices, social media, the Internet, networked communications, 3D printers and sensors make connections among people, goods and services more efficient, we can expect more communities, organizations and business models will be made available for the public and private sectors to leverage. This trend will allow individuals and organizations to share existing resources directly rather than waiting for third-party businesses or governments to deliver those resources. These P2P models create new opportunities for individuals, communities, governments and corporations to transact and collaborate. The question is: How will this phenomenon impact established businesses?

*As the collaborative economy grows, we can expect some disruption in mainstream industries. Will established companies and brands view this disruption as an opportunity or as a risk? On which side of the change curve will they be?*

While we may not have all the answers at this time, it is clear that established companies and brands should pay close attention to how the business realities of collaboration may affect their business models. The drivers underlying collaboration we discussed earlier are stimulating activities relevant to many businesses: less buying, more sharing; less consuming, more producing; less working, more contracting opportunities; and less regulation, more risk. These activities may necessitate looking at the world differently. For example:

- Should big brands stop measuring success in terms of units sold, and think more in terms of units used? For example, what if neighborhoods collaborated to share a large snowplow or tractor and used their smartphones to "schedule" their use slots or coordinated clearing lots in a snowstorm, including for those who are ill or away? Not only would this approach be more cost effective, it would enable everyone to have access to superior equipment by just sharing versus buying their own. This emphasis on usage would have a significant effect on units sold.
- Should established companies be more concerned with the growth of the so-called "maker movement," in which individuals are empowered to become producers and sellers thanks to technologies that support small-scale production (like 3D printing), as well as those that facilitate P2P distribution (through online marketplaces, for example)?
- Should companies tap into new ways to source labor as the collaborative economy drives more self-employment in lieu of full-time employment?

These are just a few examples. The point is that the collaborative economy can have a profound impact on the underlying economics and cost structures of established business models.[8]

[6] "For Most Workers, Real Wages Have Barely Budged for Decades," by Drew Desilver, Pew Research Center, October 9, 2014: www.pewresearch.org/fact-tank/2014/10/09/for-most-workers-real-wages-have-barely-budged-for-decades/.

[7] "The Sharing Economy Isn't About Trust, It's About Desperation," by Kevin Roose, *New York Magazine,* April 24, 2014: www.nymag.com/daily/intelligencer/2014/04/sharing-economy-is-about-desperation.html.

[8] "Established Companies, Get Ready for the Collaborative Economy," by Alexandra Samuel, HBR Blog Network, March 4, 2014: http://blogs.hbr.org/2014/03/established-companies-get-ready-for-the-collaborative-economy/.

In recent years, the collaborative economy has been growing steadily. It is estimated that the revenue flowing through the collaborative economy directly to people who are sharing surpassed $3.5 billion in 2013, with a growth rate exceeding 25 percent. At that rate, P2P sharing could transition from an income boost in a stagnant wage market to a disruptive economic force. Just as YouTube did with TV, and the blogosphere was with mainstream media, the sharing economy is a direct frontal attack on the traditional status quo model of companies owning and people consuming by allowing everyone to be both consumer and producer, along with the potential for rewards accruing to producers.[9]

> *The drivers underlying collaboration are stimulating activities relevant to many businesses: less buying, more sharing; less consuming, more producing; less working, more contracting opportunities; and less regulation, more risk. These activities may necessitate looking at the world differently.*

Therefore, as the collaborative economy grows, we can expect some disruption in mainstream industries. Will established companies and brands view this disruption as an opportunity or as a risk? On which side of the change curve will they be? As more consumers satisfy their needs through the collaborative economy, established businesses will feel the effect, resulting in more volatility and long-held assumptions underlying established business models coming under question. Bottom line, the collaborative economy can bring further pressure on business model life cycles, which already have been compressing in recent years due to technology and other disruptive market forces.

For these reasons, those responsible for the strategy-setting process in their organizations should pay close attention to developments in the collaborative economy, as well as with social business and other technology-driven developments. Following are some key factors warranting attention:

- **Number of new collaborative economy startups** – Technology enables new businesses to start and gain scale at rapid speed with little capital investment, draining market share of large established businesses.
- **Urban density creates an optimal environment for collaboration** – Urban populations offer more opportunity for resource sharing. In 2014, such populations accounted for 54 percent of the total global population, up from 34 percent in 1960, and continue to grow. The global urban population is expected to increase by about 1.84 percent per year between 2015 and 2020 (to 59 percent); 1.63 percent per year between 2020 and 2025 (to 64 percent); and 1.44 percent per year between 2025 and 2030.[10]
- **Changing technology** – As new technologies enhance the P2P experience, more people will participate.
- **Continued income inequality** – Unabated and increasing income inequality will provide further motivation for sharing.
- **Funding rate** – The collaborative economy is having an impact on many industries, including goods, food, business services, retail, business space, transportation, money and education.

In the strategy-setting process, established businesses should assess the potential impact of the collaborative economy and look for opportunities to capitalize on this new business reality. This mainstream integration is illustrated by the Uber API launch, which integrated several large corporations, including TripAdvisor, Hyatt, Starbucks and United Airlines.[11] In another example, Whole Foods Market (WFM) and one-hour grocery delivery service Instacart formed a new partnership that enables customers to have either WFM products delivered in as little as one hour or to place orders via Instacart and pick up their orders at a local participating WFM store.[12]

In the end, there may be many opportunities for incumbent businesses to partner with collaborative economy players, in effect adjusting their business models to add new service alternatives for their customers. To illustrate, Lincoln Motors partnered with makers from CustomMade to design matching jewelry for high-end cars. Walgreens partnered with TaskRabbit to deliver prescriptions to homes. And Home Depot delivered Christmas trees on demand using idle Uber drivers.[13] In addition, Staples sells products developed on Quirky, and Avis has acquired Zipcar.[14]

## The Risks Associated With the Collaborative Economy

Like everything else, there are risks inherent in the collaborative economy. Following are a few risks in the context of the companies that facilitate P2P transactions in the collaborative economy:

- **The sharing model could be subject to increased regulatory oversight** – In the collaborative economy, some argue that businesses extract profits from mainstream industries by avoiding taxes, regulations, insurance and other costs

9 "Airbnb and the Unstoppable Rise of the Share Economy," by Tomio Geron, *Forbes*, February 11, 2013: www.forbes.com/sites/tomiogeron/2013/01/23/airbnb-and-the-unstoppable-rise-of-the-share-economy/.

10 Statistics obtained from the World Health Organization website: www.who.int/en/.

11 "The Collaborative Economy APIs Mean Changes to Commerce," by Jeremiah Owyang, Web Strategy blog, posted August 20, 2014: www.web-strategist.com/blog/2014/08/20/the-collaborative-economy-apis-mean-changes-to-commerce/.

12 "Whole Foods Market and Instacart partner to offer one-hour delivery across 15 major U.S. cities," media release, Whole Foods Market, September 8, 2014: www.media.wholefoodsmarket.com/news/whole-foods-market-and-instacart-partner-tooffer-one-hour-delivery-across.

13 "The Collaborative Economy Will Double This Year," by Jeremiah Owyang, *The Wall Street Journal*, April 23, 2014: http://blogs.wsj.com/accelerators/2014/04/23/jeremiah-owyang-the-collaborative-economy-will-double-this-year/.

14 Samuel, HBR Blog Network.

*In the strategy-setting process, established businesses should assess the potential impact of the collaborative economy. Incumbent businesses may be able to partner with collaborative economy players, in effect adjusting their business models to add new service alternatives for their customers.*

of doing business. In effect, people own the product of their labor and exchange it freely with others through P2P relationships in which third parties have no say and for which there is no regulatory oversight. Is that model sustainable or even desirable?[15]

- **If confidence in executing P2P transactions is impaired in any way, the appeal of collaborative commerce could decline** – Confidence is fundamental to the collaborative economy. It will not flourish on a caveat emptor basis. Any kind of transaction, such as financial services, relies on trust, which in turn is fueled by a belief that counterpeers to a P2P transaction will perform. To that end, Traity raised $4.7 million in funding with the objective of becoming the standard for online reputation. By targeting companies that would benefit from better individual identity and reputation verification, Traity seeks to create an Internet environment in which peers can transact with confidence.[16]

- **There is the possibility of loss of sensitive data** – Inappropriate release, leakage or theft of information strategic to a company and exposure of company networks and systems to viruses and malware are potentially dangerous scenarios, as the platforms on which these companies base their business become the face of their business models.

- **There is the risk of compliance violations** – Data communications may violate applicable laws and regulations associated with data security and privacy rights.

- **Collaborative economy players are subject to reputation loss** – Because consumer opinions can spread quickly through social media, companies need effective response plans when a crisis occurs. Self-inflicted reputation damage may result from inappropriate employee or collaborator behavior, setting unrealistic product or customer service expectations, or the inability to measure up to the openness and transparency expected by customers.

- **The collaborative economy could provide opportunities for criminal behavior** – As with anything new, crime is sure to target the collaborative economy. For example, customers and prospects may be exposed to a fraudulent presence by a third party attempting to hijack a company's brand without the company's knowledge. With respect to cybersecurity, if cyberattackers were to gain a runaway advantage, the Internet could cease to be a trusted medium for P2P communication or commerce.

- **Larger established businesses may seek protectionism** – As business models of established businesses are disrupted by the collaborative economy, they may seek assistance from legislative and regulatory authorities. For example, the hospitality and taxicab industries could seek a favorable political environment working for the benefit of the current structure and stakeholders, resulting in regulation and oversight being directed to competitors in the collaborative economy. Some of these established businesses may have deep pockets.

- **Litigation could arise in the event of personal injuries, property damage, theft or nonpayment** – Nonperformance, physical harm or damage to property can result in litigation to recover damages, resulting in legal fees and court costs.

While not exhaustive, the above list illustrates numerous risks implicit in the collaborative economy model.

## Summary

The collaborative economy isn't simply a new way of buying or selling. It's a powerful movement in which people (or households) as well as businesses share idle assets and transfer goods and services among themselves rather than acquiring them from established businesses. While some argue it's hype, its potential impact on the traditional economy merits close attention in the strategy-setting processes of established companies and brands. Our recommendation is that companies should monitor developments in the collaborative economy and evaluate opportunities for enhancing the customer experience rather than ignore market developments. Ignoring the collaborative economy could run the risk of being on the wrong side of a wave of disruptive change.

15 "You're Not Fooling Us, Uber! 8 Reasons Why the 'Sharing Economy' Is All About Corporate Greed," by Andrew Leonard, *Salon,* February 17, 2014: www.salon.com/2014/02/17/youre_not_fooling_us_uber_8_reasons_why_the_sharing_economy_is_all_about_corporate_greed/.

16 "Online Reputation Startup Traity Raises $4.7M," by Steve O'Hear, TechCrunch, July 3, 2014: www.techcrunch.com/2014/07/03/traity/.

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