SHARING ECONOMY IN ROMANIA – IS SHARING THE FUTURE OF BUSINESS?

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Abstract
Usually businesses create a product/service (as an answer to an existing need on the market or a complete new, innovative one), sell it and develop further. But in recent years, peer-to-peer power increased along with a different model – the collaborative platforms. Thus, the ***aim of this paper*** *is to take a look at what sharing economy means and how it has evolved in Romania compared to other countries. In order to do so we used secondary data (review of publicly available documents).* ***Preliminary results*** *show that the sharing economy is growing across the globe, yet there are aspects which need further research and data collection. Collaborative platforms are appealing especially to the younger, more educated consumers, who live in urban areas. Still, the future of these platforms is uncertain, depending on a series of decisions (customers' perceptions and consumption behaviour, companies' ability to adapt, governments decisions about regulations).*

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JEL classification: D16, L89

1. Introduction

The sharing / collaborative economy (a wide range of digital platforms facilitating exchanges amongst different players that enable access to goods, services and skills) has grown significantly after the 2008 financial crisis, gaining a lot of attention both from academia and policy makers. On the one hand, it offers benefits for consumers and provides "jobs". On the other hand, there is a lot to debate about the lack of legal, fiscal and labour regulations.

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Its rapid growth is not just a consequence of peoples' desire to spend less, but also due to consumers (especially Millennials) changing attitudes towards ownership, the desire to create a fairer, more sustainable society, as well as the need for social connection. It is estimated that it might increase to 335 billion by 2025, compared with 15 billion in 2015 (PwC, 2015).

In this context, one might ask him-/herself if this is the future of business. Will traditional businesses (especially those in the service sector) be replaced by this new model? Thus, this paper aims to take a look at what sharing economy means and how it has evolved in Romania compared to other countries. It does not attempt to offer answers to all questions, but rather sets a stage for discussion. The article is structured as follows: section 2 offers a brief literature review, section 3 describes the use of collaborative platforms in Europe, section 4 provides some insights about the sharing economy in Romania and section 5 concludes.

2. What is the sharing economy?

Although there are several papers on this topic, there is no widely adopted definition of the term "sharing economy". In fact, it is analysed under different labels such as "collaborative consumption", "collaborative economy", "on-demand economy", "peer-to-peer economy", "zero-marginal cost economy" and "crowd-based capitalism" (Selloni, 2017). According to Codagnone et al. (2016), the sharing economy consists in *"a wide range of digital commercial or non-profit platforms facilitating exchanges amongst a variety of players through a variety of interaction modalities (P2P, P2B, B2P, B2B, G2G) that all broadly enable consumption or productive activities leveraging capital assets (money, real estate property, equipment, cars, etc.) goods, skills, or just time"*.

Juho Hamari, Mimmi Sjöklint and Antti Ukkonen (2016) define collaborative consumption as *"the peer-to-peer-based activity of obtaining, giving, or sharing access to goods and services, coordinated through community-based online services"*.

Rachel Botsman and Roo Rogers (2010) describe several forms of it:

- *"Collaborative consumption:* an economic model based on sharing, swapping, trading or renting products and services";
- *"Collaborative economy:* an economic model based on distributed networks of connected individuals and communities with production, consumption, finance and education as main components";

- *"Sharing economy:* an economic model based on sharing underutilized assets for monetary or non-monetary benefits".

Lisa Gansky (2010) uses the notion of *"mesh"* to describe businesses which use data from every available source to deliver high-quality goods and services to people when they need and want them. Thus, the core offering is something that can be shared, using web and mobile data networks to track the necessary information, focusing on shareable physical goods and engaging with customers through social networks. It is called the mesh because every part/node is connected to every other part/node in the system, describing *a new phase of information-based services*. Lisa Gansky also created an online directory of existing collaborative companies on a global scale (meshing.it).

Michel Bauwens (2006) defines the *"P2P economy"* as *those processes which produce "use-value" (for a community of users) through the free cooperation of producers who have access to distributed capital,* a production mode different from for-profit or public production by state-owned enterprises.

Ivana Pais and Giancarlo Provasi (2015) have identified six different sharing economy practices:

- *Rental economy:* in which companies specialised in goods offer different rental plans (for example Zipcar);
- *Peer-to-peer economy:* the goods are offered directly by their owners (for example Airbnb);
- *On-demand economy:* consists of personal services provided by both professionals and non-professionals (for example Uber, Lyft or TaskRabbit);
- *Time banking and local exchange trading system:* similar with the previous one, but without the use of money in transactions, it implies forms of barter, services being traded on the basis of time spent (for example TimeRepublik);
- *Free/libre open source software:* consists of free or open source software programs (for example Linux, SourceForge, Github);
- *Social lending and crowdfunding:* consists of direct loans between people and platforms that help raise money (for example Kiva or Kick starter).

According to Juliet Schor (2014), sharing economy activities consist in:

- recirculation of goods (for example eBay, Craiglist, ThredUp, Freecycle, Swapstyle.com),

- increased utilization of durable assets (for example Zipcar, Relay Rides, Uber, Lyft, Couchsurfing, Airbnb, Neighborgoods),
- exchange of services (for example Task Rabbit, Zaarly),
- sharing of productive assets (for example cooperatives, makerspaces, co-working spaces, which share space or assets to facilitate production, instead of consumption).

Both performance and long-term impact of these platforms (fig. 1) are influenced by their market orientation (for-profit vs. non-profit) and structure (peer-to-peer vs. business-to-peer) (Schor, 2014).

Figure 1. Dimensions which impact platforms' performance and long-term impact

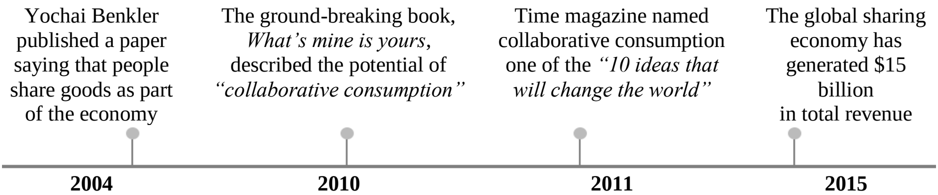
		Type of provider	
		Peer-to-peer	**Business-to-peer**
Platform orientation	**Non-profit**	Food Swaps, Time Banks	Makerspaces
	For-profit	Relay Rides Airbnb	Zipcar

Source: Schor (2014, p.4)

Thus, for-profit platforms seek revenue and asset maximization, while the non-profit ones attempt to serve community's needs. Within the peer-to-peer ones, providers earn money by commissions on exchanges, relying on increasing the number of transactions if willing to earn more. On the other hand, the business-to-peer ones count on maximizing revenue per transaction.

As regards ***how the sharing economy has evolved over the years*** (fig. 2), in 2004, Yochai Benkler (law professor at Harvard) published a paper saying that people share goods as part of the economy; in 2010, Rachel Botsman and Roo Rogers published a ground-breaking book (*What's mine is yours: the rise of collaborative consumption)*, describing the potential of *"collaborative consumption"*; after a year, Time magazine named collaborative consumption one of the *"10 ideas that will change the world"*, while in 2015 the global sharing economy has generated $15 billion in total revenue, PricewaterhouseCoopers estimating that it might increase to 335 billion by 2025 (Duverge, 2016).

Figure 2. How the sharing economy has evolved over the years



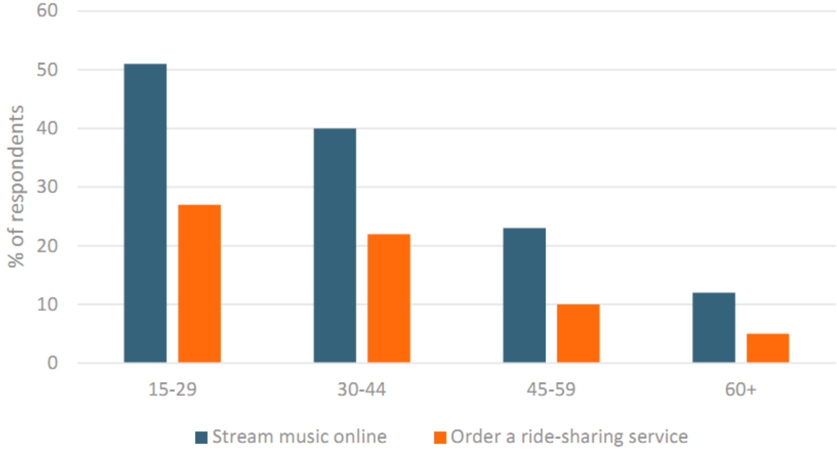
Source: Duverge (2016)

To sum up, the sharing economy has emerged thanks to a number of technological developments and various information systems on the Internet (Hamari, Sjöklint, Ukkonen, 2016), which offer speed of contact, making it easy to share, rent or barter across the globe. Furthermore, it is linked to sustainability and environmental concerns, being especially appealing in the context of (over)crowded cities (where sharing resources would be better for the environment, reducing traffic, pollution, etc.). Saving money is another benefit of the sharing economy, especially during recessions or for people with low purchasing power, while the "providers" can increase their revenues by sharing what they have (goods or skills). Last but not least, it favours social interaction (Hamari, Sjöklint and Ukkonen found that *"some people might take part in collaborative consumption simply because it is fun and provides a meaningful way to interact with other members of the community"*).

3. The use of collaborative platforms

According to Euromonitor International's ***Global Consumer Trends for 2018*** (Angus, 2018), consumers of all ages want and need less, sharing household items, cars and homes. Millennials prefer experiences and a free lifestyle rather than owing certain goods. Thus, the percentage of consumers using on-demand services via mobile at least once a week (fig. 3) rose compared to last year, especially in the 15-29 age group.

Figure 3. Percentage of consumers using on-demand services via mobile at least once a week (globally, in 2017)



Source: Euromonitor International’s Global Consumer Trends Survey 2017 **in** Angus (2018, p.8)

People living busy, mobile lifestyles are looking for ways to cut costs, save time and live eco-friendly. Thus, besides making everyday tasks easier, sharing services are excellent for short-term needs, such as maternity wear, baby products, designer clothing or specific tools. For example, Westfield, a shopping centre in London, launched a *pay-as-you-wear outfit rental service* called Style Trial, which allowed fashion lovers to rent designer clothing and accessories between 24 November to 17 December 2017. The earnings were donated to Save the Children (uk.westfield.com). In this context, big companies might be forced to rethink their businesses to adapt to consumers’ new mindset.

In Europe, in the context of the Single Market Strategy, the European Commission is evaluating the regulatory framework in which collaborative platforms operate. In order to do so, it has conducted a survey (on 14,050 respondents) to find out more about citizens’ perceptions, attitudes and behaviour in relation to these platforms, making the results public in the *“Flash Eurobarometer 438 - The use of collaborative platforms”* (2016) report. Thus, in terms of ***awareness and frequency of use of collaborative platforms***, 52% of the respondents have heard of them and 17% have used them. These platforms are appealing especially to the younger, more highly educated people, from urban areas, self-employed or employees. At ***country***

level, 36% of respondents in ***France*** and 35% in Ireland have used these platforms, respectively 24% in both Latvia and Croatia. The least likely to do so are the respondents in ***Cyprus (2%)***, Malta (4%) and the Czech Republic (7%) (European Commission, 2016, p. 6).

As regards the ***usage of collaborative platforms to provide services***, 32% of the respondents have provided services on these platforms, with more men (35%) being likely to do so than women (26%). Also, people in their 40-50's (34%) are more inclined than the younger ones (aged 15-24; 25%) to offer services on collaborative platforms (European Commission, 2016, p. 14).

The ***advantages*** in using these platforms are the *"more conveniently organized access to services* (41%), the fact that *it is cheaper or free* (33%), *the ability to exchange products or services instead of paying with money* (25%) as well as the fact that *these platforms offer new or different services* (24%)" (European Commission, 2016, p. 15). At ***country level***, respondents in ***Ireland (62%)***, Estonia and Romania (both 61%) are delighted by the conveniently organized access to services. Respondents in the ***Czech Republic (53%)***, Luxembourg (48%) and Finland (45%) are glad that these platforms are cheaper or free, while respondents in ***Cyprus (44%)***, Belgium (40%) and the Netherlands (39%) are delighted by the ability to exchange products or services instead of paying with money. Being able to find new or different services is valued by respondents in ***Luxembourg (34%)***, Spain (33%), Croatia and the Czech Republic (both 31%) (European Commission, 2016, p. 16).

On the other hand, the ***disadvantages*** rely in *"not knowing who is responsible in the event of a problem* (41%), *not trusting Internet transactions in general* (28%), *not trusting the provider or seller* (27%), *being disappointed because the services and goods do not meet expectations* (27%) and *not having enough information on the service provided* (17%)" (European Commission, 2016, p. 21). At ***country level***, respondents in ***Finland, Austria (both 53%)***, the Netherlands and Spain (both 48%) are concerned about responsibility in case of a problem. Respondents in ***Portugal (45%)*** and Spain (42%) don't trust Internet transactions in general, while those in the ***United Kingdom (37%)***, Slovenia (35%), Finland, the Netherlands and Hungary (all 33%) don't trust the provider or seller. People in ***Latvia (41%)***, Bulgaria and Austria (both 36%) avoid these platforms because they fear that the services and goods provided might not meet expectations, while respondents in ***Romania (30%)***, the Czech Republic (27%), Finland and Cyprus (both 26%)

feel they don't have enough information on the service provided (European Commission, 2016, p. 22).

According to another study (Vaughan, Daverio, 2016, p. 6), conducted by PricewaterhouseCoopers UK, in Europe, the ***peer-to-peer transportation*** is the ***largest sharing economy sector*** in terms of ***revenue***, while the ***peer-to-peer accommodation*** is the largest sector ***by total transaction value***. At the same time, ***the fastest growing sector*** (in 2015) consisted in ***on-demand household services***, due to the increasing acceptance of freelancer platforms and crowdsourced networks, which offer home cleaning services, handyman work, gardening, pet care and others.

PricewaterhouseCoopers UK has identified 275 collaborative platforms. Among these, ***Airbnb*** lists 4 million properties across more than 191 countries worldwide, of which 60% are in Europe. Most listings are in the United States of America (660,000 properties), France (485,000), Italy (340,000), Spain (245,000) and the United Kingdom (175,000). Furthermore, since 2008, Airbnb has hosted more than 200 million guests around the world. The seniors (aged 60+ years) are the fastest-growing host demographic worldwide (with more than 200,000 hosts) (press.atairbnb.com). As regards transportation, ***Uber*** is available in 84 countries and more than 801 cities worldwide (https://uberestimator.com/cities), with about 40 million rides monthly. It's competitor, ***Lyft***, is available in the United States, in 200 cities (https://www.lyft.com/cities) and has about 13.9 million rides monthly.

4. Sharing economy in Romania

Currently, there are not many studies (articles, papers) about this topic, or available data. According to April Rinne (a US-based, globally-minded advisor, speaker, writer and authority focusing on the new economy, future of work and global citizenship), *"Romania is behind, with not many people being familiar with the sharing economy. It is something that will develop, because there is no area in which the collaborative economy is not present. In Romania there is hyper-consumption based on the idea of owning things, things that are not needed and which people probably will not use too often. The collaborative economy can correct this"*. She also suggested that Romania should adopt Great Britain's model of sharing economy, highlighting their initiative called "sharing city" (Angheluta, 2017).

April Rinne's statement about not many Romanians being familiar with the sharing economy seems to be backed up by the data collected for the *"Flash Eurobarometer 438 - The use of collaborative platforms"* (2016) report (14,050 respondents, of which 500 from Romania). Thus, ***52%*** *of the surveyed* ***Romanians have never heard of these platforms*** (compared to 46% EU28 average).

When it comes to the ***main benefits of using these platforms***, most Romanians indicate the *conveniently organized access to services* (61%), *the variety or new services offered* (28%), as well as the fact that *these platforms are cheaper or free* (27%). As regards the ***disadvantages***, 35% of Romanians don't trust Internet transactions in general, 33% are concerned about responsibility in case of a problem, while 30% feel they don't have enough information on the service provided (European Commission, 2016, pp. P3-P4).

According to managerexpress.ro (citing a study conducted by Exact and Wave Tree), ***Romanian young people*** (aged 15-34) ***use services like Airbnb and Uber***, *but* ***are reluctant in sharing their own goods.*** Most young people grow with the idea of ownership (having your own house / car), goods being seen as indicators of status and personal success. At the same time, those who earn more, are more educated and consequently have a greater exposure to what is happening in other countries are more willing to use collaborative platforms. ***42%*** *of the* ***young people*** *living* ***in Bucharest have used Uber***, getting familiar with this service through friends' recommendations. Also, ***7% of young people in Romania have used Airbnb***. This service is used especially by those who plan more holidays per year, because it allows a more efficient spending of their travel budget. Furthermore, 64% of the young people living in Bucharest have used (last year) at least once a specialized website in order to sell or buy used goods. ***Websites for second-hand products*** are perceived as a quick and efficient solution for "smart purchases", especially when buying gadgets. In fact, 72% of the young people surveyed consider that progress is not about consuming more, but consuming smarter (although the sense of ownership is high in Romania).

Data retrieved from ***Airbnb*** shows that there are more than ***300 rentals in Romania*** and 110,000+ reviews of Airbnb homes with an average home rating of 4.7 out of 5 stars. As regards transportation, both car-sharing and a ride-sharing services are available in Romania. ***Get Pony*** is the first and biggest car-sharing company in Romania. It was founded in 2015, in Cluj-Napoca (at that moment with 20 cars in its fleet). Starting August 2017 its services are available also in Bucharest, now having 110 cars and approximately 10,000 customers (internal data presented during Sibiu Business Days 2018). ***Uber*** (a ride-sharing service) is currently active in 4 cities: Bucharest, Brașov, Cluj-Napoca and Timișoara.

In conclusion, there is potential for further growth, as well as more diversity in terms of collaborative platforms which might decide to expand into Romania. At the same time, further research on this topic might offer insights about the motivators in using these platforms, the reasons for not doing so, the challenges faced by those providing sharing services, as well as potential opportunities.

5. Conclusions

The sharing economy is growing across the globe. *"Yet scholars have barely scratched the surface on shared economy business models and their implications for companies, cities, and the natural environment"* (Cohen, Kietzmann, 2014). Also, *"there is a lack of quantitative studies on motivational factors that affect consumers' attitudes and intentions towards collaborative consumption"* (Hamari, Sjöklint, Ukkonen, 2016). Thus, further research is needed (for example future studies could investigate usage patterns, motivators in using collaborative platforms, the reasons for not doing so, the challenges faced by those providing sharing services, as well as potential opportunities). Because the growth of the sharing economy is expected to have a major societal impact (*European Commission*, *2013*), it is relevant for both practitioners and policy makers.

According to available data, there is potential for further growth since only 52% of the surveyed Europeans have heard of the collaborative platforms and just 17% have used them. The services provided through these platforms are usually used mostly by the younger people. Still, they (the younger people, the Millennials) have a different buying behaviour and expectations from service providers than previous generations. Thus, a better understanding of their decision-making process in terms of buying decisions might help businesses better address this segment.

Given the fact that most people are reluctant in using collaborative platforms due to concerns about responsibility in case of a problem, lack of trust in Internet transactions or in the provider / seller, the disappointment caused by services and goods which do not meet expectations, as well as not enough information on the service provided, better communication with potential users and transparency in how these platforms work might increase the percentage of people using collaborative platforms. Also, it is essential that these platforms are easy to use (user-friendly) and trust worthy. Along these lines, adapting / creating legislation for these new business models might increase consumers' trust.

Is sharing the future of business? is a question without an answer yet. According to Codagnone et al.'s study (2016) the sharing economy might evolve in four different ways:

- *Great transformation:* the most optimistic option, in which the economy is re-embedded via changes in behaviour and culture; people and companies will have a more sustainable consumption, while governments will use these platforms to give public goods and services;
- *Regulated sustainability:* the economy is re-embedded via regulatory interventions, which guide society towards sustainability;
- *Growth-oriented globalisation:* with minimal government intervention, market forces are unrestrained, people and companies being empowered in a more individualistic, competitive way;
- *Barbarisation:* without government intervention, companies and work are dis-intermediated, decentralised, and parcelled, then re-intermediated through algorithms; in such a context, with inequality and unemployment would rise tremendously.

According to PricewaterhouseCoopers travel, car sharing, finance, staffing, music and video streaming are sharing sectors which might grow significantly by 2025. Still, *"for the sharing economy to continue to expand, the players within it will need to find ways to authenticate the identity of consumers"* (PwC, 2015).

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