

CHAPTER 16

COLLABORATIVE CONSUMPTION

◇ Useful words and concepts

collaborative consumption

collaboration

gaining momentum

create value

shared and open

resources

self-interest

larger community (the)

online community

communities

collaborative

individualism

array

subcultures

appeal to

peer provider

assets

rent (1)

peer user

spectrum

rents (2)

rate of return

loan

social lending sites

peer borrower

forward thinking

socially minded

sustainable

brands

swap trading

time banks

local exchange trading

systems

bartering

peer-to-peer currencies

clothing swaps

shared workspaces

co-housing

co-working

couchsurfing

crowdfunding

ride sharing

food co-ops

walking school buses

peer-to-peer rental

scale

purpose

product service systems

redistribution markets

collaborative lifestyles

backgrounds

usage mind-set

own

outright

disrupting

ownership

twofold

burdens

social networks

fuelling

free exchanges

makeup

marketplaces

regardless of

waste band resources

commerce

retailer

consumer

banding together

errands

skills

scale

trust

convenience

Instructions For Study

1. Turn to the **definitions** following the text *Collaborative Consumption*. They refer to the specialist terms printed in **bold** type in the list of **Useful words and concepts**.
2. Use an **English** language dictionary to find the meanings (in context) of the other words in the list.
3. Do the exercises to improve your language skills.

Collaborative Consumption

Over the past couple of years a quiet yet powerful revolution of collaboration has risen up and is gaining momentum throughout our cultural, political and economic system. We are relearning how to create value out of shared and open resources in ways that balance personal self-interest with the good of the larger community. People can participate without losing their autonomy or individual identity. As Neil Gorenflo, founder of the online community Shareable, puts it, “Communities can help people become more than they are as individuals. In other words, we benefit from a ‘collaborative individualism’.”

As a matter of fact, people are participating in different types of collaborative consumption from a diverse array of subcultures and socioeconomic and demographic groups. There are two distinct ways to participate in collaborative consumption, each with a different appeal to different people. You can play the role of ‘peer provider’ by providing assets to rent, share or borrow. Or you can play the role of ‘peer user’ consuming the available products and services. Some participants may choose to do both, but others may feel comfortable on one end of the spectrum. The participant who wants to make money renting his or her car through WhipCar or other unused items through sites such as Ecomodo is likely to have different motivations from the ‘user’ who rents these items. Similarly, the person looking for a high rate of return through a loan on social lending sites such as Zopa is there for different reasons than the peer borrower who needs money.

Some collaborative consumers are forward thinking and socially minded optimists, but others are individuals motivated by a practical urgency to find a new and better way of doing things. That practical urgency may be to save money or time, access a better service, be more sustainable, or allow closer relationships with people rather than brands.

Swap trading, time banks, local exchange trading systems (LETS), bartering, social lending, peer-to-peer currencies, tool exchanges, land share, clothing swaps, toy sharing, shared workspaces, co-housing, co-working, couchsurfing, car sharing, crowdfunding, bike sharing, ride sharing, food co-ops, walking school buses, shared microcrèches, peer-to-peer rental – the list goes on – are all examples of collaborative consumption. Although these examples vary in scale, maturity and purpose, they can be organized into three systems – product service systems, redistribution markets and collaborative lifestyles.

Product Service Systems (PSS)

An increasing number of people from different backgrounds and across all ages are shifting to a ‘usage mind-set’ whereby they pay for the benefit of a product – what it does for them – without needing to own the product outright. This is the basis of product service systems (PSS), which are disrupting traditional industries based on models of individual private ownership. In a PSS, a service enables multiple products owned by a company to be shared (car sharing, solar power, launderettes), or products that are privately owned to be shared or rented peer-to-peer (Zilok, TheHireHub). PSSs can also extend

the life of a product (repair services offered by Steelcase, or Interface Carpets, for example). The obvious environmental advantage of this system is that an individually owned product with often limited usage is replaced with a shared service that maximizes its utility. For users the key benefits are twofold. First, they don't have to pay for the product outright. It removes the burdens of ownership such as maintenance, repair and insurance, and enables us to make the most of the assets we do own. And second, when our relationship with things moves from ownership to use, options to satisfy our needs, whether for travel, leisure, work, food or children, change and increase.

Redistribution Markets

Social networks enable used or pre-owned goods to be redistributed from where they are not needed to somewhere or someone where they are, fuelling the second type of collaborative consumption, redistribution markets. In some instances, the marketplace is based on entirely free exchanges (Freecycle, Around Again); in others the goods are sold for points (Barterquest, UISwap) or for cash (eBay, Flippid), or the markets are a mixture (Gumtree and craigs-list). Goods such as makeup, accessories, clothes, books, toys, games, baby clothes and DVDs can be swapped for similar value (SwapSimple, SwapCycle). Often exchanges are conducted between anonymous strangers, but sometimes the marketplaces connect people who know each other (Share Some Sugar, NeighborGoods). Regardless of the specifics of the exchange, a redistribution market encourages reusing and reselling old items rather than throwing them out, and also significantly reduces waste and resources that go along with new production. Redistribution is the fifth 'R' – reduce, recycle, reuse, repair and redistribute- and increasingly considered a sustainable form of commerce. It challenges the traditional relationship between producer, retailer and consumer, and disrupts the doctrines of 'buy more' and 'buy new'.

Collaborative Lifestyles

It is not just physical goods such as cars, bikes and used goods that can be shared, swapped and bartered. People with similar interests are banding together to share and exchange less tangible assets such as time, space, skills and money, in what we call collaborative lifestyles. These exchanges are happening on a local level and include shared systems for working spaces (The Cube London, Hub Culture), goods (Ecomodo, ThingLoop), tasks, time and errands (Camden Shares, Timebank Wales), gardens (Edinburgh garden Share), skills (Brooklyn Skillshare), food (Neighborhood Fruit) and parking spaces (ParkatMyHouse). But collaborative lifestyles are also happening worldwide as the Internet enables people to coordinate, scale and transcend physical boundaries in activities such as peer-to-peer social lending (Zopa, YES-Secure) and travel (CouchSurfing, Airbnb). A high degree of trust is often required with collaborative lifestyles because human-to-human interaction, not a physical product, is often the focus of the exchange. As a result, they generate a myriad of relationships and social connectivity.

Across product service systems, redistribution markets and collaborative lifestyles, motivation can range from saving money to making money, from convenience to meeting friends, from saving space to saving time, from feeling a part of a community to 'doing the right thing'.

Excerpt from: Rachel Botsman and Roo Rogers, *What's Mine is yours: How Collaborative Consumption is Changing the Way We Live*, Collins, London, 2011.

◆◆ DEFINITIONS ◆◆◆

- ◆ **collaborative consumption** consumer behavior in which goods or services are shared, swapped or rented over networks
- ◆ **collaboration** face-to-face or online cooperation between members of a community aimed at having access to products or services through sharing, swapping or renting rather than through ownership
- ◆ **create value** perform actions that increase the worth of goods and services
- ◆ **shared and open resources** assets that are available and ready to be used by the public at large
- ◆ **self-interest** caring about one's own interests and not about things that would help other people
- ◆ **larger community (the)** society as a whole
- ◆ **online community** participants in online discussions on topics of mutual concern, or all the people who frequently visit particular websites; *virtual community*
- ◆ **communities** self-organized networks of people with a common agenda, cause, or interest, who collaborate by sharing ideas, information, and other resources; *peer communities*
- ◆ **collaborative individualism** the culture of the members of online communities who share certain values and goals and whose behavior is characterized by a desire to strike a balance between independent action and cooperation with others
- ◆ **subcultures** segments of the social heritage of a group which show different customs, norms and values while reflecting the dominant aspects of the main culture
- ◆ **peer provider** a person who offers goods or services to rent, share or borrow over networks
- ◆ **assets** the goods or services made available for renting, sharing or borrowing on the marketplace
- ◆ **rent (1)** to allow people to use assets temporarily in exchange for a one-off payment or regular ones
- ◆ **peer user** a person consuming the goods or services available for renting, sharing or borrowing over networks
- ◆ **rents (2)** uses assets temporarily in exchange for one-off or regular payments
- ◆ **rate of return** the income generated expressed in percentage terms; *yield*
- ◆ **loan** a sum of money a lender transfers to a borrower who agrees to pay it back with interest
- ◆ **social lending sites** internet platforms which match savers with individuals who want to borrow money; *peer-to-peer lending sites*
- ◆ **peer borrower** a person taking out a loan on a social lending site rather than from a traditional financial institution such as a bank
- ◆ **sustainable** consumer behavior that is respectful of the natural environment
- ◆ **brands** unique designs, signs, symbols, words, or a combination of these, employed in creating images that identify products and differentiate them from the competition; *brand names*
- ◆ **swap trading** the act of organizing events or parties at which people socialize and exchange goods for other goods, not for money; *swishing*
- ◆ **time banks** reciprocity-based work trading systems in which a person with one skill set can exchange hours of work for equal hours of work in another skill set instead of paying or being paid for the services rendered
- ◆ **local exchange trading systems (LETS)** locally organized economic organizations that allow members to participate in the exchange of goods and services among others in the group using locally created currencies
- ◆ **bartering** trading things (such as goods or services) for other things instead of for money

- ◆ **peer-to-peer currencies** types of unregulated, digital money, which are issued and usually controlled by their developers, and used and accepted among the members of a specific virtual community
- ◆ **shared workspaces** physical workplaces consisting of open plan spaces, shared desks, break out areas housing collaborative communities of like-minded freelancers, start-ups and SMEs and offering them space for business support, professional advice drop-ins and investor meetings, in addition to social and networking events; *collaborative workplaces, co-working spaces*
- ◆ **co-housing** semi-communal housing consisting of a cluster of private homes and a shared community space (as for cooking or laundry facilities)
- ◆ **co-working** a style of work in which independent workers are sharing the same workplace, often an office
- ◆ **couchsurfing** the practice of travelling around and staying with people you do not know, who advertise their homes on the internet; *couch surfing, sofa-surfing*
- ◆ **crowdfunding** the use of small amounts of capital from a large number of individuals to finance a new business venture
- ◆ **food co-ops** food distribution outlets organized as cooperatives; *food cooperatives*
- ◆ **walking school buses** ways for a group of children to walk safely in a group with an adult to and from school, along a route that passes by the children's homes with stop and pick up times like a school bus
- ◆ **peer-to-peer rental** system in which a house owner makes their property available for others to rent for a short period of time with the internet acting as a facilitator; *person-to-person home rental, P2P home rental*
- ◆ **scale** the size of the network
- ◆ **product service systems** modes of collaborative consumption that allow people to pay for the benefit of using a product without needing to own the product outright
- ◆ **redistribution markets** forms of sustainable commerce in which used or pre-owned goods are transferred from where they are not needed to somewhere where they are
- ◆ **collaborative lifestyles** ways in which people with similar needs or interests connect with each other and share or exchange intangible assets such as time, space, skills and money
- ◆ **usage mind-set** attitude whereby people typically prefer to pay for the shared use of a product rather than to own it
- ◆ **social networks** websites or software programs that enable people who share similar interests to communicate with each other by posting text and pictures; *social networking sites, social media networks*
- ◆ **free exchanges** virtual marketplaces which provide platforms where used and unwanted goods are redistributed
- ◆ **marketplaces** platforms where providers and users exchange goods and services
- ◆ **waste band resources** unwanted material left over from a production process; *scrap*
- ◆ **retailer** a business at the end of the distribution chain, which generally buys a product from a wholesaler in order to sell it to the final consumer
- ◆ **consumer** a buyer of goods and services who uses them to satisfy their needs
- ◆ **errands** jobs that you do for somebody that may involve taking a message, buying something or delivering goods for them

◆◆ EXERCISES ◆◆◆

◇ EXERCISE 1

Comprehension

True / False Circle the correct choice and justify your answer

1. Collaborative consumption refers to a new economic model based on the ideas of trading and sharing resources at the local level. T/F
2. The founder of *Shareable* contends that the culture of collaborative individualism is not incompatible with the broader interests of society. T/F
3. Participants in collaborative consumption can only be either suppliers or consumers of the resources that are shared. T/F
4. Collaborative consumers all seem to be motivated by the desire to meet an urgent need. T/F
5. Product service systems show that consumer attitudes have changed from paying in order to own to paying merely to use material goods. T/F
6. Product service systems allow people to make money by using a platform to rent their properties to, for instance, neighbours. T/F
7. In a product service system, peer users have to pay for the after-sales service of the products they benefit from. T/F
8. The free exchanges taking place in the redistribution markets are considered to be a supplement to the existing forms of sustainable commerce. T/F
9. Redistribution markets encourage people to 'buy more' and 'buy new'. T/F
10. Collaborative lifestyles allow people with similar needs to connect with each other and share or exchange intangible assets both locally and all over the world. T/F

◇ EXERCISE 2

Vocabulary

(A) Use the list of definitions to **select the appropriate term** to fit each sentence

1. refers to modes of consumption in sharing communities.
2. The at the heart of the sharing economy may be local, face-to-face or via provider-user interactions on the web.
3. Purchasing music digitally on the Internet is a form of music delivery because it reduces the carbon footprint and energy usage associated with delivering music to consumers through CDs at a retail outlet.
4. Time rather than money is the common measure of value being used in the and local exchange trading schemes (LETS) that thousands of communities have created around the world.
5. Most children have their first experience at school when they start trading something they have for what someone else wants.
6. Bitcoins and cryptocurrencies such as Litcoins, Zcash and Monero Dash are all
7. Crowdsourcing differs from in that it is used by a business which is already up and running while the latter is rather used to fund a new venture.
8. Product service systems, and collaborative lifestyles show how consumer behavior is changing.
9. Parents with a are unlikely to throw away the toys their children outgrow.

10. Innovative information and communication technologies have boosted interconnectivity, specifically in relation to

(B) Fill in the blanks in the following text with the words from the list below

barter / behaviours / communities / cash / consumption / crowdfunding / culture / currencies / customize / income / locally / mobility / networks / owners / possessions / rating / reputation / sell / socioeconomic / swapping

A Collaborative and Sharing Culture

Based on the evolution of collaborative (1) to date, and the (2) context the phenomenon is emerging within, we believe certain (3) and ideas will take hold over the next decade in a significant way. People will have '..... (4) bank accounts' alongside their normal bank accounts, and a reputation (5) that will measure contributions made to various types of collaborative (6). Peer-to-peer marketplaces where people '.....' (7) their idling capacity (cars, energy, products, food and skills) will be viewed as a second source of (8). Redistributing and (9) goods will become as much second nature as throwing stuff away. The consumer preference for handmade or (10) produced goods will become the norm. Neighbourhood (11) will explode and enable local (12) between residents on their creative and social projects together. Our (13) will have intelligence that will allow us to share their stories with their future (14). Car companies will see themselves in the business of (15), not in vehicles or in transportation. There will be an explosion in services that enable you to repair, upgrade and (16) owned or secondhand products. Instead of automatically paying with (17) for many products and services, we will offer to (18) talents, skills and ideas, and virtual social (19) will have become a normal way to exchange. There will be a whole ecosystem of apps and software for our phones and computers that will enable us to share any kind of product, skill, time or service. A collaborative and sharing culture will be the (20).

◇ EXERCISE 3

Grammar

The Passive voice

Put the sentences below in the *passive voice*

1. Users police peer-to-peer platforms such as eBay.
2. Peer influence can increase the use of redistribution markets.
3. Peer-to-peer exchanges are nurturing trust between strangers.
4. Peer-to-peer networks are making old barter practices relevant today.
5. New technologies have transformed social relationships between people living in different parts of the world.
6. The Internet has fostered the creation of virtual currencies such as Ripple.
7. In the past, consumers passed on information on products to their peers by word-of-mouth rather than through Internet-enabled platforms such as Facebook.
8. Giles Andrews and fellow co-workers founded Zopa, the world's first online peer-to-peer lending marketplace in Britain in 2004.

9. Peer-to-peer platform users will eventually form decentralized and transparent online communities.
10. People around the world will probably adopt a collaborative consumption mindset in the near future.

◇ EXERCISE 4

Assignment

Search the internet for information about a collaborative or sharing organization.

Which of the three collaborative systems in the list below does it belong to?

Which associated sector of activity is it trading in?

Choose a traditional company using a conventional business model which operates in the same area of activity as your organization.

Deliver a 15-minute oral report to the class focusing on the differences in approach by your two organizations to a major operational or management issue of your choice.

List of collaborative consumption systems and associated business sectors

1. Product Service Systems

Car sharing, peer-to-peer car sharing, ride-sharing, bike sharing, taxi sharing, peer-to-peer rental, toy and baby goods rental, fashion and accessories rental, film rental

2. Redistribution markets

Big marketplaces, swap sites for like goods, swap sites for goods of similar value, clothing swaps, food

3. Collaborative Lifestyles

Co-working spaces, peer-to-peer social lending, social currencies, crowdfunding, travel, bartering, peer-to-peer sharing of gardens, parking spaces or storage