

Collaborative Consumption and Disruptive Market Exchange Modes

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Abstract: Collaborative consumption is a recently adopted term describing the phenomenon of peer-to-peer exchange transactions via online digital platforms. It is often encompassed within a larger societal context and referred to as a “collaborative economy”, “peer-to-peer economy”, “access economy” or “sharing economy”. The emergence of a nowadays collaborative consumption has been enabled by the development of new technologies, in particular those based on Web 2.0, and a parallel massive penetration of personal digital devices (smartphones, tablets, notebooks, etc.) among population. From the marketing perspective the collaborative consumption represents a hybrid marketing model of peer-to-peer exchange taking place on the online market with a predominant use of online marketing techniques. The aim of this paper is to discuss the new trend of collaborative consumption in view of disruptive market exchange modes.

Keywords: collaborative consumption, sharing economy, peer-to-peer exchange, online market, digital technology, marketing.

1 Introduction

Collaborative consumption (CC) has been defined as a model of economic arrangements in which participants mutualize access to products or services, rather than having individual ownership of them (Botsman and Rogers, 2010). From a different point of view, John (2013, p. 4) describes it as an economic model in which consumers use online tools to collaborate on owning, renting, sharing, and trading goods and services. Finally, Belk (2014, p. 1597) defines CC as people coordinating acquisition and distribution of a resource for a fee or other compensation, while this resource can be either tangible (product, land, space) or intangible (skills, swapping, renting/lending, second-hand purchases and reselling).

According to Botsman and Rogers (2010) although the companies operating in the field of collaborative consumption range enormously in scale and purpose, they are redefining how goods and services are exchanged, valued, and created – in areas as diverse as finance and travel, agriculture and technology, and education and retail.

The collaborative consumption system is also often referred to as “sharing economy” (Hamari, Sjöklint and Ukkonen, 2015), “peer economy” (Sundararajan, 2014) or “access economy” (Eckhardt and Bardhi, 2015) describing a hybrid market model of peer-to-peer exchange. According to Ertz, Durif and Arcand (2016) there are several key macro factors enhancing the mutualization in consumption: (1) Technological: Development of ICT and the emergence of Web 2.0, (2) Economic: Austerity and crises, decline of stable and full-time employment as well as of purchasing power, (3) Political: Withering of the State and its increased adjustment to the market ethos, (4) Social: Consumption as a central project in consumers' lives.

The development of collaborative consumption has been facilitated by ICT advances and a consequent emergence of digital online platforms (eBay, Airbnb, Uber, etc.) enabling peer-to-peer exchange transactions. In parallel, a massive penetration of personal digital devices (smartphones, tablets, notebooks, etc.) among population provided a significant access to these platforms and created a substantial market base for functional online market transactions.

Yet, any change in a market model brings also shifts in marketing practices used within that model. Therefore it is expected that a new hybrid peer-to-peer online market model of collaborative consumption shall lead to a disruptive marketing exchange paradigm. The aim of this paper is to discuss the new trend of collaborative consumption and its implications for market exchange modes.

2 The role of technology within the development of collaborative consumption

The word “sharing” has been one of the most used words during the last decade. It is defined as “to divide and distribute in shares; to partake of, use, experience, occupy, or enjoy with others; to have in common” (Merriam-Webster Dictionary, n. d.). However, given the novelty of the term usage there are languages (including the Slovak language) in which a convenient equivalent has not been officially approved yet. Instead, informal translations have become already widely spread among people.¹ In other languages, the English original term has been domesticated. Nevertheless, John (2013, p. 3) considers the term “sharing” to be a “keyword for today's society”. The author defines it as a “constitutive activity of Web 2.0 describing the mode of our participation in social network sites and digital communication more generally” (John, 2013, p. 3).

Sharing, on one hand is a type of communication characteristic of our participation in contemporary ICTs, and, on the other hand, it is also a type of economic activity (John, 2013, p. 3). The latter connotation relates to the discussed term “sharing economy” which consists of a supply, demand and exchange on a peer-to-peer market. However, Eckhardt and Bardhi (2015, p. 1-2) criticize such naming of the new peer-to-peer business model. Instead, they suggest the term “access economy”. The authors explain that when consumers use sharing services they don't feel any of the reciprocal obligations that arise when sharing with one another. Therefore it is not about sharing but about an access (Eckhardt and Bardhi, 2015, p. 1-2). Anyhow, as it was already mentioned, both terms are currently used as synonyms to “collaborative consumption”.

There is no doubt that the technology in general, and the internet in particular, play a central role in the emergence and development of collaborative consumption. Especially, the new generation of internet that appeared around the year 2000 and was named Web 2.0 (as a successor of Web 1.0) opened new possibilities to publish a web material created by users (text, pictures, videos, etc.). This material has been called a “user-generated content”. The main differences between the functionality of Web 2.0 in comparison to Web 1.0 are listed in the table 1.

¹ In common parlance the term “sharing” is usually translated as “zdieľanie”. However, this term has not been approved by the Slovak Institute of Linguistics.

Tab. 1 Differences between Web 1.0 and Web 2.0

	Web 1.0	Web 2.0
Content	The owner is mostly a content creator	Active participation of visitors in the content creation (user-generated content)
Interaction	To the necessary extent	Discussions, chats, social profiles, etc.
Updates	Corresponding to the possibilities of an owner.	The web becomes a living organisms, there may be many content creators
Community	Passive visitors without interactions	An individual is a part of a broader community
Personalization	There is no implicit personalization	The creation and use of social profiles of visitors

Source: translated from Frey, 2008, p. 29.

As can be seen from the table 1 major improvements of Web 2.0 against Web 1.0 were the possibility of visitors to publish their own content and the interactivity with other visitors. As a result, the role of visitors/users significantly shifted from passive receivers of content to active content creators. The first wave of user-generated contents occurred in the context of social media. Therefore they have been also labelled as “consumer generated media”. In fact, the emergence of social media has been probably the most visible manifestation of the mentioned Web transition.

Accordingly, the first sharing activities consisted mainly of sharing personal matters like information about relationships, events, memories, pictures, etc. (Facebook), photos and videos (Instagram, YouTube), opinions (blogsphere), knowledge (Wikipedia – a collaborative online encyclopedia), files (Uložto) and others. Soon, the business sector followed the new trend and started to use social networks as additional promotional tools in marketing. In parallel, various professional networks (e.g. LinkedIn, ResearchGate) had been introduced. These moves anticipated the extension of social networking from the private sphere into the business and professional environment.

In the second wave people discovered the economic potential of publishing user-generated content online with a perspective of promising business transactions. Yet, for this purpose specific online platforms enabling market exchanges including a money transfer have been needed. According to Hamari, Sjöklint and Ukkonen (2015, p. 4) these platforms act merely as economical-technological coordination providers, which do not necessarily have control over the content distributed, exchanged and coordinated.

In consequence, CC is considered not only a social and economic phenomenon, but also a technological phenomenon. As claimed by Ertz, Durif and Arcand (2016, p. 3) the internet and technological developments represent the lion's share of the developments that gave rise to collaborative consumption. In this respect John (2013, p. 4, 6-13) highlights the “digitalism of collaborative consumption” and distinguishes between the technology enabling collaborative consumption (social networks and digital platforms used to create communities around collaborative consumption) and that driving collaborative consumption (reproduction of social behavior in online and offline situations).

Among the pioneers in CC area the platform eBay has to be mentioned as one of the first global players creating conditions for peer-to-peer online business. Nowadays CC platforms operates in divers sectors of the economy like accommodation (Airbnb), transportation (Uber, Zipcar), finances (crowdfunding), second-hand business (Letgo), etc. In the further text we will discuss marketing implications of the collaborative consumption model.

3 Market exchange modes and collaborative consumption

From the marketing perspective the collaborative consumption represents a hybrid market model of peer-to-peer exchange taking place on the online market via a digital platform with a predominant use of online marketing techniques. Sundararajan (2013) considers this “reengineering” of consumption to be a natural consequence of the ongoing consumerization of digital technologies. Moreover, Ertz, Durif and Arcand (2016, p. 2) believe that collaborative consumption has a potential of changing the orientation of the marketing discipline. Similarly, according to Belk (Belk, 2014) collaborative consumption constitutes a set of “disruptive” marketing exchange practices which has to be approach from a different perspective than a traditional marketing.

In this respect, Ertz, Durif and Arcand (2016, p. 2) advocate the adoption of a macroscopic view, more specifically, the adoption of an Aggregate Marketing System (AMS). The AMS encompasses more players – besides marketers – taking into account also the role of consumers and government (table 2). The rising role of consumers appears to be central within the new collaborative consumption market model.

Tab. 2 Exchange configuration

Aggregate Marketing System	Organizations	Customers	Government
Organizations	B2B e.g. chemical leasing scheme	B2C e.g. marketer-managed bike-sharing scheme	B2G e.g. marketer-managed official car fleet management
Customers	C2B e.g. trade-in programs	C2C e.g. classified ads / auctions websites	C2G e.g. government sponsored used car trade-in programs
Government	G2B e.g. high-tech equipment leasing	G2C e.g. public auction blocks	G2G e.g. forestry equipment leasing

Source: Ertz, Durif and Arcand, 2016, p. 8.

Table 2 depicts new exchange configurations in which well-known B2C, B2B exchanges are now complemented by the emerging C2C, but also other transactional modalities moving goods more efficiently on the market. While a certain number of such exchanges involve new goods (B2B, B2C, B2G, G2B, G2C or G2G), others are uniquely associated with used or “pre-owned goods” (C2B, C2C, C2G). CC exchange schemes can be found in each exchange configuration, making it a prevalent element of the AMS (Ertz, Durif and Arcand, 2016, p. 8).

According to Sundararajan (2013) the “peer-economy” marketplaces are inventing an entirely new asset-light supply paradigm, which enables the disaggregation of physical assets in space and in time, creating digital platforms that make these disaggregated components amenable to pricing, matching, and exchange.

Hamari, Sjöklint and Ukkonen (2015) mapped over 250 collaborative consumption platforms and identified several types of exchange modes including sharing, new purchase, second-hand purchase, renting, donating, swapping, and lending or borrowing. Some platforms facilitated multiple types of activities. These were grouped into two main categories of services: *access over ownership* and *transfer of ownership*. However, it was possible that the platform facilitated both modes of exchange.

In addition, Sundararajan (2014, p. 2) identified three main players constituting the new collaborative consumption market model: (a) *the platforms* (person-to-person marketplaces which facilitate the exchange of goods and services between peers), (b) *the entrepreneurs* (individuals or small businesses that supply goods and services in these marketplaces), and (c) *the consumers* (individuals who demand – buy, rent, consume). Both the entrepreneurs and the consumers are often referred to as “peers”. In the exchange process the payment from the peer-consumer to the peer-entrepreneur is mediated by the platform, which often charges a commission to one or the other trading party.

With respect to consumers' motivation to participate in collaborative consumption, CC appears to be an appealing alternative especially for those concerned with ecological, societal and developmental impact of consumption (Hamari, Sjöklint and Ukkonen, 2015). However, in price-sensitive markets the appeal might be mostly economic since shared goods and service are usually much cheaper than traditional offerings. This was also confirmed by the study carried out by Hamari, Sjöklint and Ukkonen (2015), which revealed that people's principal drivers are sustainability, enjoyment of the acting, and economic gain. The sustainability aspects of CC are also highlighted by Cohen and Kietzmann (2014, p. 280) who point out the potential sustainability benefits associated with sharing economies (mostly shared mobility), in particular in the context of the increased urbanization.

Throughout the gradual penetration of collaborative consumption into consumers' everyday life we can also observe an impact on the behavior of traditional businesses, notably in the area of services. In particular, the emergence of a parallel use of several exchange modes within one company is evident. For instance, taxi drivers work for a traditional taxi service company, but they are also registered with Uber. Thus, in practice they accept clients via two exchange modes at the same time – B2C and C2C. Similarly, online intermediaries in tourism accommodation industry (e.g. Booking.com) enlarged their product portfolio by including apartments owned by individual consumers or small entrepreneurs. Instead of competing with CC platforms they have prevented the competition by offering similar service like e.g. Airbnb. As a result, they apply both B2B and C2B exchange modes at the supply side of supply chain.

Thus, the “hybridization” of marketing exchanges and the coexistence of several market exchange modes even within traditional businesses suggest the growing significance of collaborative consumption on a nowadays market.

4 Conclusions

Collaborative consumption is an emerging peer-to-peer market exchange model empowered by developments in ICT, increased engagement in web communities (social networks) and

growing consumer concerns (ecological, societal and economic) in a nowadays world. It represents a new hybrid marketing model encompassing disruptive market exchange modes with a significantly rising role of consumers as a key factor.

Nevertheless, the new trend of collaborative consumption can be approached from several different perspectives, notably as a/an:

- (1) Technological phenomenon (John, 2013; Hamari, Sjöklint and Ukkonen, 2015; Ertz, Durif and Arcand, 2016);
- (2) Emerging consumer culture (Botsman and Rogers, 2010; Cohen and Kietzmann, 2014);
- (3) New exchange market model (Belk, 2014; Sundararajan, 2014; Ertz, Durif and Arcand, 2016),

In this paper we focused predominantly on the technological perspective and exchange market modes points of view. We described the origins of CC and its roots in ICT developments. Further, we discussed the emergence of disruptive market exchange modes within CC which form a new peer-to-peer marketing model. However, what is the future of collaborative consumption market model?

Most of the studies published in this area predict significant economic and societal changes connected with the emergence of CC. For example Sundararajan (2014, p. 1) believes that “peer-to-peer business enabled by digital platforms will constitute a significant segment of the economy in the coming years”. In addition, he expects “a positive impact on economic growth and welfare, by stimulation new consumption, by raising productivity, and by catalyzing individual innovation and entrepreneurship”. Similarly, Botsman and Rogers (2010) consider CC to be a cultural and economic force that is transforming business, consumerism, and the way we live.

To conclude we assume that the new phenomenon of collaborative consumption represents a significant shift in market exchanges modes and will further lead to disruptive marketing practices on nowadays digital market. Taking into account coinciding opinions of different authors the Aggregate Marketing System (AMS) appears to be the right approach for the analysis of new market exchange modes of collaborative consumption.

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