

# Some Things Cannot be Shared: The Pros and Cons of the Sharing Economy

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# Outline

- 1. What is the Sharing or the Platform Economy?
- 2. Sharing and Quasi-Sharing; Regulation.
- 3. The Impact of Automation: Pricing and Information Exchanges;

# The case of Uber

- ‘Matchmaker’;
- ‘Flexibility’;
- ‘Sharing’

Legal perspective:

- Uber drivers: employees?  
Independent contractors?

Uber drivers use pricing system provided by Uber, same prices, surge pricing, payments through Uber, limited ability to compete due to matching.



# The Case of Airbnb

Hosts decide ultimately on the price;

Airbnb allows and promotes diversity of products (from ‘a couch to a castle’)

However, Airbnb and other downstream platforms are increasingly ensuring that home-sharing resembles professional accommodation;

Newcomers ‘advised’ to charge lower prices.



# The Case of TaskRabbit

Providers may charge their own prices;

Competition on price and quality of services.  
Importance of rating.

However, 'surge pricing' (QuickAssign)

Other platforms ( for example, housekeeping - Helping) do not allow service providers to charge their own prices but allocate markets.



# TaskRabbit

# 1. Sharing and Quasi-Sharing

(I)

- 'Sharing' as a business model;
- Positive social interaction, collaboration.
- **Four broad categories: recirculation of goods, increased utilization of durable assets, exchange of services, and sharing of productive assets.**

# Sharing and Quasi-Sharing (II)

- Collaborative economy vs. Sharing economy;
- New consumption model facilitated by digital intermediaries, based on informal and on-demand transaction where no ownership is transferred.
- The Sharing Economy has however changed in the last years.



"My mom wants to know if she can borrow a cup of high-fructose corn syrup."



# Guesty: become the 'Super Host'

## What we do



Respond To  
Guest Inquiries



Screen Potential  
Guests



Optimize Your  
Listing And Profile

Beta



Schedule  
Cleaning



Coordinate Key  
Exchanges



Automatic  
Notifications



Provide Support  
For Your Guests

# Sharing and Quasi-Sharing

## (III)

The 'real' sharing economy is collaborative...

....promotes intermediated, sustainable peer-to-peer exchanges;

....relies upon the communication or distribution of excess capacity (e.g., empty seat in a car offered to someone traveling to the same destination as promoted by Blablacar);

# Sharing and Quasi-Sharing

## (IV)

### Quasi-Sharing..

- Sharing of underutilized good is a sustainable possibility but not compulsory (UberPool, Airbnb-guest room vs. entire apartment);
- Relies on low wages, limited social security protection;
- Real alternative to professional services.

# Sharing, Quasi-Sharing and Local Regulation



# Why Regulate?

- Public Safety;
- Consumer Protection;
- Privacy and security;
- Universal and nondiscriminatory services;
- Platform: breach of trust, privacy, conflict resolution (?)
- Insufficiency of Reputational Mechanisms.

# Regulatory options?

- Initial 'grace' period and temporary rules;
- New rules rather than outdated rules;
- Flexible rules for innovative platforms  
BUT also specific regulation for digital platform;
- Key regulatory object: digital platforms as middlemen;

# II. Platforms and Competition Concerns (I)

- Level-playing field and unfair competition;
- Definition of the relevant market;
- Multi-sided markets;
- “Winner takes it all”.

# II. Platforms and Competition Concerns (II)

- Uber and its drivers: one or several economic entities?
- Is each entity capable of autonomous competition on the market?



# III. Information Exchanges and Pricing Algorithms (I)

- Pricing algorithms;
- Surge pricing: Uber. TaskRabbit (QuickAssign?)
- Meyer v Kalanick, U.S. District Court, Southern District of New York, No. 15-09796

# III. Information Exchanges and Pricing Algorithms (III)

- **Big data: collection and exchange of information outside and beyond 'smoke filled rooms';**
- *Eturas* case (C-74/14): passive modes of participation in concerted practices

# The Pros and Cons

	PROS	CONS
Sharing Economy	Diversity Lower prices	Surge pricing – sometimes higher prices
		Safety concerns
Quasi-Sharing & Platform Economie	Convenience Flexibility Uniformity, quality of services  Reliability of services  Efficient match supply/demand	Growth of informal economy, tax evasion  Disappearance of original idea of sharing underused goods
	Reputational mechanisms	