2 The Sharing Economy: History, definitions and related concepts

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Introduction

The sharing economy has been described as a disruptive socio-economic system that, by combining collaborative principles with the potential of the Internet, represents a major challenge to well-established economic models, which generally focus on hyper-consumption and private ownership (Botsman & Rogers, 2010; Gansky, 2010; Howard, 2015). The sharing economy aims to redistribute existing goods across the population in order to maximize their functionality (Howard, 2015). Sharing economy platforms allow users to share (not necessarily for free) their possessions with others, thus developing new patterns of consumption (Dolnicar, 2021). Goods are owned by few but enjoyed by many; the sharing economy highlights the need to make use of, or dispose of, the overproduced goods of large capitalist companies. Accordingly, a considerable number of everyday goods such as toys, construction tools, sports equipment, cars, etc. pass from user to user, thus reducing the need to buy the same product. Placing access over ownership considerably reduces costs, given that consumers pay solely for the needed time (Botsman & Rogers, 2010; Rifkin, 2014).

The trend toward a mass consumerism society successfully progressed until the 2008 financial crisis (Brachya & Collins, 2016). Excess appears as the main ecological issue cited by the majority of the sharing economists (e.g. Gansky, 2010; Bauwens, 2012; Owyang, 2013; Chase, 2015). Mass consumerism produced issues of excess, but hyper-consumption slowed down after the global crisis occurred. In consequence, a societal shift in which ownership was replaced by access started to take shape. Individuals economically affected had to make a profit from their excess goods or access other's properties. Additionally, the sharing economy appears to be linked to a set of principles which are transforming deeply rooted consumer habits into new patterns of consumption (Buhalis et al., 2020). Some of these principles are:

1. The prioritization of peer-to-peer (P2P) transactions via digital platforms designed for sharing, exchanging, swapping, gifting or trading goods or services, without requiring third parties or middlemen;
2. The fostering of collaborative consumption and shared ownership, which have been defended as more cost-effective and environmentally friendly than individual consumption and private ownership; and
3. The almost exclusive use of smartphones and computers for making electronic payments and other market-based actions.

(Gansky, 2010; Bauwens, 2012; Owyang, 2013; Rifkin, 2014).

This chapter explores the origins and main drivers that led to the emergence of the sharing economy phenomenon, as well as the definitions of the concept of the sharing economy, which has also been defined in terms of 'peer to peer', 'on-demand', platform, or collaborative economy (Bauwens, 2012; Selloni, 2017), collaborative consumption (Botsman & Rogers, 2010; Hamari et al., 2016), or crowd-based capitalism (Sundararajan, 2016), among several other names. Finally, the chapter questions what makes the sharing economy similar to or different from other contemporary economic paradigms, such as the circular economy, the gig economy, and the gift economy.

A short history of the sharing economy

At the end of the 1990s, the appearance of the World Wide Web and the convergence of different dynamics led to the emergence of a number of Internet companies that took financial risks in the hope of profit. Curran (2012) explains that in this period, the evangelical idea was that the Internet was fostering a 'New Economy' where start-ups could compete with big corporations. In 1995, the first large P2P online market, eBay, was founded. This platform introduced a new concept of business, where independent buyers and sellers were able, for the first time, to make profit out of their properties through a virtual community. Later in 1996, it was Craigslist which also played an important role in the history of online platforms. Craigslist was launched as an entire self-managed, decentralized, open and transparent system designed for and by peers willing to advertise their services. However, it was not until 1999 when the pioneering P2P music sharing platform Napster largely disrupted traditional businesses, with its philosophy of 'I need… you have…', which allowed its users to share high-quality music files for free (Botsman & Rogers, 2010).

In general, advances in computational systems, combined with affordable devices, facilitated the expansion of digital economies. At this point, Silicon Valley played an important role in developing disruptive initiatives.

Young entrepreneurs took advantage of the benefits offered by digital environments: the costs required to code a business were substantially lower than the costs needed to build a brick and mortar company, risks were lower and only a few developers were necessary to sustain the whole system. Start-ups were mainly concentrated around Silicon Valley and created what was labelled the dot.com bubble, which burst in the early 2000s (Valliere & Peterson, 2004). Fuchs (2014) points to the low number of Internet users at the end of the 1990s as the main cause of the failure of most of these projects.

Building on O'Reilly and Battelle (2009), Fuchs (2014) explains how Web 2.0 emerged after the dot.com crisis in order to create new Internet business models and ways of monetizing traffic, where the main source of value comes from the users who co-create value. As Ritzer and Jurgenson (2010) note, with the advent of Web 2.0, users became *prosumers*: both producers and consumers. Prosumers play an important role in developing peer production within the sharing economy (Howard, 2015). In the very beginning of the 21st century, early sharing economy platforms started to appear across the US and Europe (e.g., Zipcar, Carpooling, HomeExchange, FreeCycle and CouchSurfing), which incorporated reputation systems. The evolution of the Web, which enables the combination of multiple features, such as location by GPS, instant messaging, online payments, rating systems, and the integration of social networks, greatly contributed to creating new ways of C2C (consumer-to-consumer) commerce in which large communities are digitally connected (Benkler, 2004). Drawing a temporal line, it was Benkler who, in 2004, emphasized the collaborative behaviour of large online communities based essentially on open and free sharing of information through decentralized networks. His studies on virtual collaborative systems were rapidly followed by other authors like Tapscott and Williams (2006), Lessig, (2008), Shirky (2008), Leadbeater (2009), Bauwens (2012) or Rifkin (2014). Sharing has long been an intrinsic element in many Internet-mediated interactions. It is not uncommon to see this behaviour in early stages, when sharing intangible elements such as code (hacker culture), digital products, or opinions in bulletin boards gave birth to dynamic online communities (Belk, 2007). What was previously understood as the 'gift economy' was redefined as the 'sharing economy', following the trend of the broad use of the notion of sharing (John, 2013).

An important element in the sharing economy is to generate trust among users as this enhances social value. Although trust between peers fosters successful exchanges within sharing economy communities, lack of trust greatly discourages individuals to share their own goods or spaces with others (Gansky 2010; Stephany, 2015). The appearance of reputation systems, which fundamentally enable people to evaluate each other's services by means of comments and ratings, marked the transition from early digital marketplaces (e.g. Craigslist) to the current sharing economy (Sundararajan, 2016). Thus, assuming that most transactions take place between strangers, a new trust system is required in order to keep the whole system active. In these cases, reputation systems are designed, not only as a means of providing personal information about a peer, but also as a tool to warn about previous actions or behaviour observed by other users. Sharing economy members usually consider comments and ratings as trustworthy and reliable proof to base their final decision when accessing a service. In terms of trust building, large communities will generate fairer systems than smaller ones. Statistically, an asset valued by many will be more reliable than the same one rated by a few.

Developments in technology, the excess of goods, and consumers seeking new ways to manage their finances in the context of the global economic downturn that followed the 2008 financial crisis, came together and facilitated the nascent and emergent sharing economy (Selloni, 2017). Castells et al. (2012), Stephany (2015), Gansky (2010), Howard (2015) and Slee (2015), although from different perspectives, observe a strong linkage between the 2008 economic crisis and the rise of the sharing economy, suggesting that essentially one thing comes after the other. Thus, a critical economic situation forced not only customers but also entrepreneurs to redefine consumption manners in a way that costs were well optimized. However, from a different point of view, Botsman and Rogers (2010) do not see the financial crisis as a major cause of the emergence of the sharing economy. Their argument exposes that assuming that the sharing economy is a repercussion of financial issues, it would disappear as soon as the crisis recovers. In that case, the sharing economy would be a mere trend with a short lifespan.

When analysing the consequences of the 2008 financial crisis, Castells et al. (2012) note the prominent emergence of a new culture driven by common resources, sustainable markets and alternative modes of production and consumption in the aftermath of the crisis. Even though the authors refer to this as the culture of the crisis, it may be comparable to the sharing economy and its main principles. The culture of the crisis and the sharing economy present several related connections. For instance, both systems reject hyper-consumption and embrace access to commons resources; they are theoretically opposed to capitalist principles, hierarchies, middlemen and centralization; they foster personal relationships, collective experiences and sustainable lifestyles. Stephany (2015) approaches a similar conception when suggesting the global crisis as one of the sharing economy catalysts. The author pays special attention to how the financial collapse generated high levels of unemployment and the reduction of salary for those who were able to keep