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Title: Sharing Economy- Whither Are We Bound?

Abstract

The Sharing Economy has seen exponential growth during the last few years. Examples include Airbnb, Uber and Lyft. The supporting business model of the sharing economy based on peer-to-peer interaction, and elimination of the ‘middle-man’ leading to reduction in overall transaction costs is very different from that of the traditional marketplace. There are social and environmental motivations to engage in the networks of the sharing economy. Technology innovations including social media have played a significant role in making the sharing economy model a reality. However, this model is not without its challenges. The lack of accountability in a peer-driven model creates grey areas from a legal and regulatory standpoint. The low barriers to entry for competitors as well as low-switching costs for consumers create more failure-scenarios for start-ups. Privacy and security considerations need to be closely scrutinized. The long-term sustainability of this model has been viewed with cynicism by critics because a significant part of profitability attainment is dependent on gaining customer approval alone. In this paper, a conceptual model covering social, economic, legal and technological aspects of the sharing economy has been developed considering current research literature on the subject.