

# *The Sharing-based Economy in UK*

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**Abstract:** The purpose of this study is to evaluate whether the sharing-based economy is popular in the UK market based on the analysis from individual factors and social cultural factor. The essay pointed out that there are various motivations for British consumer to join in the sharing platforms and suggested that the sharing-based economy appears to be influenced by the consumers' social cultural traits. The study called for the laws and regulations to be adapted to the development of sharing economy, the credit system to be improved, also the government and regulators should handle the conflicts between the shared economy and the traditional economy to avoid aggravating the gap between the rich and the poor.

## 1. Introduction

The shared economy is a new business model in the mobile Internet era based on the sharing of unused goods or services. It refers to individuals or institutions that use unpaid resources or services as compensation to share with and pay remuneration to demanders [1]. According to Cadman [2]. In recent years, the development of the smartphones and the rise of third-party payment have made UK's shared economy rapidly expanding in a short period of time. However, UK's shared economy suffers from the various problems which will be discussed in the essay.

The aim of the essay is to evaluate whether the sharing-based economy is popular in the UK market based on the analysis from individual factors (motivation, attitude) and social cultural factor (culture and consumer behavior). The essay is structured as follows: First, it gives a brief overview of the theory of motivation and explain why British's' consumer use the sharing platforms by four different motivations. Then, based on the theory of attitude, it showcases the analysis of the British individuals' positive and negative attitudes towards the sharing-based economy. Finally, it offers the analysis from the social cultural factors, which will be explained from gender, group ethnicity, education and social class.

## 2. Motivation

Motivation refers to the reason for people doing something, motivation emerges When consumers eager to fulfill their needs. Once customers have a need, they will try to reduce or eliminate it [3]. According to Solomon [4], the need may be rational, emotional, societal and biological, Solomon also suggests that the need is categorized into utilitarian and hedonic. In terms of utilitarian is a desire to get actual benefits, as consumers may use Uber or other form of shared cars to get the destination by the least fee. The other need is called hedonic need which refers to

those experiential need, including sensory stimulation, cognitive stimulation and novelty, as consumers would like to book the residents by using Airbnb to experience the local culture. Marketers try to create the sharing-economic products and services to satisfy either utilitarian or hedonic needs. According to the motivation of consumers, marketers make the segmentations into four sharing economic user groups. The first category includes those less enthusiastic and enthusiastic users who are more motivated and who are more willing to use the good experiences of these services. The second group consists of users who are motivated by better prices. The third category is made up of environmentally-friendly consumers who support sustainable development, not only in terms of attitudes but also at the operational level. The fourth group, including occasional users, do not necessarily enjoy personal style; they use shared-based services only at attractive quotes [5]. Goldstein [6] suggests that motivating users as part of a shared economic market involves more than just price but also personal contact and interaction, as well as the reliability and credibility of the support system. In the next paragraph, the article will demonstrate how organizations and marketers develop sharing-based economic products and services to satisfy the needs of these four types of consumers exemplified by the cases of shared economy in UK.

The first category includes those who are more motivated by the good experiences of the sharing-based economic services. Most of the sharing platforms based on the model of C2C, which means individuals can get in touch with each other to share the knowledges by the digital platform, such as Wikipedia, YouTube or Facebook. Users can not only get free acknowledge by logging on these various websites but also build up the bridges to communicate with each other. To be more specific, to majority of the UK students, Facebook seems to be the student's second newspaper. Students can easily learn more about things and activities around the world in Facebook. The information in the newspaper may be seen in Facebook. When students are using Facebook, they can not only improve their contacts, but also get a lot of factual news. Various competitions, events, announcements can be found in Facebook, students can get useful information. For example, information on environmental activities and Earth Day around the country can be found in Facebook. Students can learn how to be environmentally friendly and can learn how to care for those in need in the world [7]. The second group consists of users who are motivated by saving costs, this will be exemplified by the case of Uber. According to the Financial Times, Uber often offer discounts to the users, such as the if the old user invites their friends registered as Uber's new users, they can get 10 pounds for each, almost equal to send a free ride to take a ride. However, the UK Department of Transportation refused to renew Uber business license. According to statistics, if Uber really quit, London citizens spend about 90 million pounds more each year taxi fares. Majority of the citizens protest this measure, because the London black taxi costs an average of 4% more expensive than Uber, Londoners use Uber about a million times a week, and if passengers change to black cabs, they spend an additional 89.5 million pounds a year on taxi fares. In addition, London has more than 40,000 Uber drivers, with an average hourly income of £ 15 and an average of 30 hours of work per week. Uber exits, 40,000 drivers a year will total a decrease of 864 million pounds of revenue. The third category is made up of environmentally-friendly consumers who support sustainable development, who are not only in terms of attitudes but also at the operational level. According to Min, the chief advisor of china business, Motorcycle cycling has delivered significant and sustainable travel solutions to cities in the world on a large scale. Since its official operation on April 22, 2016, Mobike has provided smart-sharing bicycle service to more than 200 cities in 12 countries around the world. With more than 200 million users worldwide, more than 30 million people travel on bicycles each day. For 19 months, riding a total of more than 18.2 billion kilometers of riders worldwide, which is equivalent to a reduction of 4.4 million tons of carbon dioxide emissions, equivalent to an annual reduction of 1.24 million cars on the road [8].The fourth group, including occasional users, do not necessarily enjoy personal style; they use shared-based

services only at attractive quotes in various situations [5].

Judging from the above British consumer behavior, due to different motivations, at this stage, the status quo of sharing economy is optimistic.

### 3. Attitude

According to Solomon et al [9], attitude is a positive or negative assessment of an object or a class of products. The attitude consists of affect (the feeling of the targeted object, whether the consumers love the object or not), behavior (whether the consumers will buy the targeted product and services or not), and cognition (consumers' beliefs about an attitude object). The combination of these three elements called the ABC model, which focuses on the relationship among the feel, do and think. Previous consumer behavior literature reveal that although the consumers may make the decision based on their feelings and beliefs of the targeted objects, sometimes these may not have the influence on the behavior [10]. According to Goldstein [11], a few previous studies may explain the gap between the attitude and behavior: a) maintaining the sustainable behavior will be costly in terms of fixed costs and coordination. b) individuals do not know how to get the recognition from such behavior. For example, previous research indicate that consumers are willing to purchase products when others are taking part in. c) there is limited available information of the sustainable consumption to the individuals. In this section, the essay will evaluate the attitudes of sharing – based economy in the UK market by using the theory of attitude.

Several previous studies in traditional consumer markets reveals that consumers' past knowledges and experiences will affect their purchasing decisions, Fishbein [12] suggest that attitude is one of the most important factors that determine the purchasing willingness. A study conducted by IPSOS [13] suggests that majority British consider the sharing economy is not only an opportunity to develop the economy such as best answer to face the sluggish economy, innovative, and convenient, but also have positive effect on the environment. What's more, an experimental survey conducted by Hwang and Griffiths [14] reveal that individuals who are hedonic and utilitarian hold the positive attitudes toward to the sharing platform, especially showed the preference to the car-sharing service. Over the past few years, the shared economy has been steadily growing and thousands of companies and organizations around the world have provided the goods, services, technologies and information for sharing. A study by PricewaterhouseCoopers in August 2014 pointed out that the sharing economy in the five major areas should reach 15 billion pounds in 2025. This will undoubtedly bring about economic growth to the United Kingdom. At the same time, the sharing economy gave birth to many micro-jobs in the United Kingdom, giving the British various opportunities for paying jobs and making money by using the fragmented time. Many Britons said they wanted to flee from their tedious office work and gain their independence in the job. Research shows that self-employers tend to be happier than those who are hired directly. Among the UK freelancers, the fastest-growing number of recent jobs is not the lower-paid contract workers but the top managers and directors [2].

However, a UK study pointed that 34% of the respondents said they worried about the safety of the body and the property and nearly a half of the participants suggested that they do not like share their properties with strangers[15]. What's more, Smith[16] found that 51% of the sharing-based economic users did not trust the digital transaction, while 28% confused about the operating system of the sharing platform. To be more specific, according to Slee [17], the writer of the what's yours is mine: against the sharing economy, for instance, a company sponsored by young people whose mission was to provide low-cost accommodation for people in need. They rent houses by persuading landlords to provide available houses and charge a fee. This measure was greatly welcomed, but hidden issues also emerged: some original household was disturbed by the renters.

Moreover, when many landlords realize that short-term rentals can get more profit, they reject the renting requests of tenants who need long-term rent, resulting in the loss of some of the rent-based families or higher prices. From this we can see that some people enjoy the benefits while some are suffering because of the sharing platforms, A serious problem behind this series lies in the fact that social groups with more resources can get more benefits while those at the bottom of society have to pay more and further increase the gap between the rich and the poor, this will be more explanation in the section4. Besides, time, cost and the extent of accessibility of the trip are the factors which influencing the users' decision on movements, these factors are the challenges of the future transportation. Generally, the three factors are conducive to the development of the shared-use vehicles by saving the cost, providing convenience locations, increasing the awareness of the environment [18].

Therefore, people's attitude toward sharing economy depends on whether they appear to get profit from it or not. At present, the essay cannot give a clear answer to the attitude towards the sharing-based economy.

#### **4. Culture and Consumer Behavior**

According to Solomon et al[9], The factors that influence purchasing behavior can be categorized into "personal factors" and "environmental factors". Individual factors refer to the individual's personality, motivation, attitude and other psychological factors; environmental factors mainly refer to the culture, and involves other reference groups. Kotler[19] also suggests that culture and society can affect consumers' buying behavior. In this section, the essay will explain the consumer behavior of British in a sharing-based economy by using the cultural factors.

Culture is subjective. Besides, Ueltschy and Krampf[20] also point out that consumers view themselves and their response reflect based on their own culture context. According to Solomon et al [9], There are three levels of subjective culture, from broadly to narrowly they are: supranational culture (the difference among the various national cultures, including language, geographic and other dimensions), national culture (the difference from one country's sovereign to another, including political and legal systems), subculture refers to the special consumption group which is different from the parent culture[20]. The subculture plays an important role in the sharing-based economic consumer behavior. To be more specific, the elements of subculture including the gender, social class, geographic region, etc. have the influence on the shared economy.

##### **4.1 Gender**

A survey[21] conducted by Eurobarometer suggested that 21% men heard about sharing-based economy platforms while there are 15% of women knew the sharing economy. What's surprisingly is that women and men have the similarly frequency of using the sharing platform. However, men and women have the different ways in involvement of the sharing platforms, they prefer to participate in based on their traditional roles. For example, men own the high proportion in the industry of car rental, accommodation and education, while more women join in the sharing food platforms and the housekeeping [22].

##### **4.2 Group Ethnicity**

Schor[22] reveals that many available studies from UK found that ethnicity play an important role in the different sharing platform, such as Uber, Airbnb and time banking. African-British who work for the Uber rarely receive the positive feedback from the users, this has nothing to do with the driving skills, services or the choice of the routes[23]. Another study conducted by Cansoy and

Schor [24] reinforces this hypothesis that the white drivers have more chance to receive the tips and the positive feedbacks from the Uber users. What's more, another survey taken by Eurobarometer [21] point out that the similar situation occurs in the Airbnb that the accommodation which belong to white house owners have more reviews and higher prices than the other population. Therefore, the users bias may have negative influence on the workers from the sharing economy.

### 4.3 Education

The extent of education level is a curial factor which influencing individuals' involvement in the sharing economy. Eurobarometer[21] indicate that individuals with a high level of education have more chance to take part in the sharing economy platforms, either as the role of users or the suppliers. Smith[16] indicates that people over 20 years old use the sharing-based economy (23%) more frequently than people with lower education level (13%). Later, Smith provide a more specific data to support the previous results, he points out that 29% of the college students are likely to use the transport- sharing apps, for instance, Uber or Amber. Conversely, only 6% of the high school students participate in the car-sharing platforms. According to the survey which conducted by Schor et al[24], this phenomenon can be explained by the time bank, in this sharing platform, both the providers and the users have the high educational background. What's more Cansoy and Schor[24] suggest that in some sharing platforms, the extent of popularity based on the level of education, this can be exemplified by the Airbnb, the providers who have higher educational background are likely to have more positive comments from users and higher rent prices. Therefore, individuals with high level of education are likely to gain more benefits than those low levels.

### 4.4 Income-social Class

In the survey mentioned above, education and income are interrelated in some extent. The several studies also gave a hint that the sharing-based economy is mainly used for upper class or upper-middle class. Smith[16] suggest that families with higher income are likely to use car-sharing or house-sharing. In the meantime, the Eurobarometer points out that 51% employed individuals have more opportunities to use the sharing economy while the unemployed people rarely use the various sharing platforms.

Therefore, the level of education seems to be the entrance for the sharing-based economy in UK, the income as an ability appear to be the abilities for individuals to participate in the sharing platforms initiatively, because people from low social class unable to provide the available cars or accommodations, not to mention about gaining profits from it. From this point, the sharing platforms will make larger gaps between people from various social class.

## 5. Conclusion

In recent years, UK's shared economy to grow rapidly in a short period of time. This essay is meant to evaluate the status of sharing-based economy in the UK market based on the analysis from individual factors (motivation & attitude) and social cultural factor. In the motivation sector, the essay pointed out that there are various motivations for British consumer to join in the sharing platforms such as good experiences of these services; the better prices or the belief of environmentally-friendly. In the following sections, the essay suggested that the sharing-based economy appears to be influenced by the consumers' social cultural traits such as gender, income or educational level: individuals who have higher educational background and higher social class appear to gain more benefits than individuals who have lower income. Overall, the sharing economy is popular in UK. However, the laws and regulations should be adapted to the

development of sharing economy, the credit system should be improved, the government and regulators should also handle the conflicts between the shared economy and the traditional economy to avoid aggravating the gap between the rich and the poor.

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