

Chapter 1

The Value Creation Model in the Sharing Economy

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ABSTRACT

The sharing economy has experienced exponential growth over the last decade, mainly based on its digital nature and on the changing trends regarding consumption habits. Based on digital platforms, this new consumption model promotes access over ownership and allows users to create communities with like-minded people to share their resources. Due to its popularization, it is necessary to analyze how the business model followed by sharing platforms and the peculiar characteristics of this phenomenon can generate different types of value. This chapter analyses how the sharing economy generates value from three different perspectives (economic, environmental, and social) and how it may represent a better alternative for consumption when compared to non-sharing alternatives.

1. INTRODUCTION

The widespread use of internet technology and the revolution it sparked by its numerous applications have transformed how people interact, generating vast user networks that share and generate new forms of value, typically with close friends but also with the entire world (Alkilani et al., 2012). These advances in new technologies have propitiated the appearance of alternative consumption models,

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amongst the one is the Sharing Economy (SE). This model, which promotes access over the ownership of goods and relies on communities of users, has drastically increased in size and scope during the past ten years, has boosted production in a variety of ways (Evans, 2016), and at the same time shown that it is neither brittle nor a passing fad (Fan et al., 2019). This approach focuses on building an effective and practical virtual marketplace that connects people and enables them to match in accordance with time, place, and individual preferences rather than on generating and commercializing products (Parente et al., 2018).

Platforms composing the Sharing Economy (SE) have developed into a substantial economic force and a worldwide phenomenon, with an anticipated market value of \$335 billion by 2025 (Statista, 2020), and millions of direct and indirect workers (Evans, 2016). Also, this model is reshaping a wide range of industries by facilitating peer-to-peer trades and emphasizing access over ownership, which has resulted in the creation of various forms of social, environmental, and economic values (Acquier et al., 2019). This, together with the offering of new entrepreneurial opportunities and the reshaping of a significant number of economic sectors, can not only constitute a real threat to affected sectors (Fréry et al., 2015; Guttentag, 2015), but also revolve around the way different types of value are created.

Previous literature has found that digitalization modifies the entire structure of business models (Osterwalder & Pigneur, 2010), explicitly the value proposition and customer relationships (Bouwman et al., 2018), and the so-called “mobile revolution”, has granted social media and data analytics with a front-row seat in the digital transformation of the value creation process (Rachinger et al., 2019). Although these specific high-tech technologies are playing a bigger role in specific industries, traditional brick-and-mortar ones are being adopting them as well (Li et al., 2018), and in the case of the SE, its growth not only driven by users and markets, but also by the governments, as an instrument to achieve economic and social goals, as well as a more sustainable consumption ecosystem (Moon, 2017).

Hence, to fill the literature gap, we ask: *How does the sharing economy contribute to the value creation process from the economic, social, and environmental perspectives?* To answer this question, we present a literature review on the different types of value that the Sharing Economy (SE) can create and how these can contribute to an improvement, that not only to the economic value but also to a better society and a more sustainable consumption model.

The order of this paper is organized as follows: Section 2 provides the theoretical framework to conduct the review by addressing the extent literature on SE and value creation. Section 3 explains the research design and methods. Section 4 describes the major findings and outcomes. Finally, section 5 presents the concluding remarks, main limitations of the chapter and future investigation lines.

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