

Economy 2.0: Sharing By and For Consumers

WHETHER IT INVOLVES HOUSING, RIDE SHARING OR MUSIC STREAMING, A NEW WAVE OF ACCESS-DRIVEN, PEER-TO-PEER BUSINESS IS DISRUPTING ESTABLISHED INDUSTRIES

Popularized by the likes of Airbnb and Uber, the sharing economy has undergone rapid growth over the last five years. Airbnb is now active in more than 190 countries and valued at more than \$20 billion. Uber operates in more than 300 cities and is valued at more than \$50 billion.¹ Some projections put the sharing economy sector's revenues at \$335 billion globally by 2025.

HOSPITALITY



The sharing economy is becoming very large, very fast, and businesses need to take notice. The issues to consider include how sharing principles will shape the wider market, and how sharing economy concepts can be applied to existing business models.

Retail

Retailers have been adept 'disruptees' when it comes to new concepts, with the onset of e-commerce seeing the creation of an omnichannel experience for shoppers. However, innovative companies have created sharing alternatives. For example, FarFetch, which partners with local and luxury boutiques globally to showcase and sell their inventory online, offers small retailers the opportunity to retain their brick-and-mortar stores, while still granting them an online presence.

As retailers adapt and react, they must weave sharing opportunities into the customer experience and facilitate peer-to-peer marketplaces, allowing for rental or resale. This will allow more consumers to experience products 'first hand' while promoting

sustainability - something that appeals to an increasingly environmentally aware cohort of shoppers. Retailers' physical footprints will also be under the microscope, as the sharing ethos encourages them to lend space to other vendors in partnership efforts, and leads them to further embrace the pop-up movement.

Hospitality and Media

The sharing economy also presents opportunities for the hospitality, entertainment and media industries. When it comes to hospitality, sharing economy companies like Airbnb certainly make travel more accessible. But entrenched hospitality players can still depend on customers who seek assurances of consistency. This means they can stick to their core competencies, while adopting elements that are simpler, more efficient and enhance the quality of customers' experience.

The sharing business model has had a profound effect on the entertainment and media sector. However, the sharing economy presents untapped

opportunities for the sector if, rather than fighting the threat, media providers exploit opportunities by exploring new distribution models to promote higher audience engagement. As the success of music-streaming service Spotify demonstrates, content creators are adopting metrics beyond linear sales and finding ways of monetization via sharing platforms, such as advertising revenue.

Automakers

Due to the striking advancement of companies like Uber and Lyft, automakers have been placed under the spotlight. Bike sharing, car-sharing and ride-sharing reflect a huge cultural shift and, as a result, traditional automotive companies are rethinking their positioning.

General Motors, one of America's Big Three automakers, announced a \$500-million investment in Lyft in January 2016, and Ford CEO Mark Fields has been talking about what he calls "smart mobility" for some time, or the combination of innovation and data to enhance customers' mobility,



connectivity, and experience. As more entrants compete with more established companies, manufacturers must find ways of adding value to the customer experience and view themselves as providers of mobility, rather than solely manufacturers of vehicles.

Offices

The Serviced Office, or Business Centre was introduced in the 1980s. These spaces now encompass Coworking as a design and workspace solution, meeting the expectations of a young, technology enabled workforce, giving them a spot to work from, which can be rented by the hour, day or week. Sharing workspace in this way allows businesses to reduce overheads and increase efficiencies, leaves them free to focus on their core business, and provides flexibility in a period of strong demand for commercial real estate - all principles which embody the sharing ethos.

Corporate real estate leaders can tap into the benefits of Coworking, but must determine the right mix of dedicated office to Coworking style spaces

or locations to maximise employee productivity while retaining a cohesive corporate culture and brand. Whether they work with shared office providers by granting employee membership, or incorporate Coworking design into their own offices, engaging with this trend will help reduce costs and increase flexibility.

Sharing Shapes Future Success

The disruption that sharing has caused in the retail, hospitality, transportation and entertainment marketplace is applicable to any business. Therefore, it is necessary for all companies to assess the potential for consumers and clients to come together in a peer network. Businesses must evaluate how they can create value, and if this 'network effect' is possible, firms will have to decide whether to develop their own sharing economy concept, feed into a marketplace facilitated by another company, or partner with new entrants to capitalise on sharing economy revenue, all the while mitigating risk.²

What is certain is that affected industries will embrace new models of operational efficiency to benefit both the business and customer. Cushman & Wakefield will continue to support the alignment of real estate strategy with corporate strategy as the sharing ethos takes hold.

¹McKinsey online, 2015

²PwC, The Sharing Economy, 2015



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