



Travel
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What is the “Sharing Economy”? Why Definitions Matter.

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Introduction

For several years, the term *Sharing Economy* has been used throughout the corporate travel community. Travel managers have attempted to balance the demands of travellers who wished to use such services with the need for the corporation to act prudently to protect those same travellers. At the same time, some companies have looked favourably upon such vendors for their implied alignment with Triple Bottom Line company goals.

This paper aims to provide some guidance on the terminology used and its impact on decision-making in this space.

Definitions

Within Corporate Travel circles, the term *Sharing Economy* is most commonly used to refer to Airbnb and Uber, along with Uber's competitors such as Lyft. Vendors such as Uber and Lyft are included within a sub-category commonly known as *Ride-Sharing*. Although technically known as TNCs (Transportation Network Companies, as first defined by the California Public Utilities Commission), the usage of the phrase *Ride-Sharing* persists.

Despite the popular usage of both of these phrases, we find the term *Sharing* within these labels to be inaccurate in relation to such vendors. The term *sharing* implies the joint use of a single resource, and would therefore typically have a positive environmental impact.

As an Uber driver's role in the car is solely to drive the passenger, and not to go to the destination themselves, this is not "sharing" any more than a traditional taxi or black car service.

Aside from service and product attributes, we have identified three key characteristics in companies that are commonly referred to as being in the *Sharing Economy*:

- The technology system as a matchmaker between buyer and seller
- The technology system providing financial settlement, including a form of escrow
- The vendor is typically an individual rather than a corporation

From this, we devised a more descriptive label: "Technology-Enabled Peer-to-Peer Economy". We feel that this better encapsulates the range of services and applications that allow people to buy from other people, with the aid of technology to find a willing seller and a means of paying them. One of the important elements in this reclassification is the removal of the word *sharing* in relation vendors that don't actually involve sharing.

We are then able to re-use the phrase *Sharing Economy* as a subset of the Technology-Enabled Peer-to-Peer Economy. To truly be defined as *sharing*, a buyer must be jointly consuming the product with the seller. Examples of this are services such as BlaBlaCar and Bandwagon – both which could truly be identified as *Ride-Sharing*.

BlaBlaCar allow people who are taking road trips to post their trip details within the service so that another traveller can join them for the same journey – sharing the car and trip-related expenses. In New York, Bandwagon is attempting to pair people headed from airports to the same destinations in the city so that two riders share one taxi.

Why Definitions Matter

We are not the first ones to challenge the accuracy of the term *Sharing Economy*. Articles from [Harvard Business Review](#) and [Financial Times](#) have both indicated concern with the term. While they each make different points about the nature of that economy, they agree that the label matters. People rely on labels to help us form opinions and make assumptions about such companies do.

Within the corporate travel space, many companies have accepted and included Uber, Airbnb and similar vendors within the travel program simply as a means to satisfy the needs of their travellers. However, some companies' inclusion of such vendors is intended to align vendor selection with company goals and ethos.

The growing importance of the Triple Bottom Line reporting (People, Planet, Profit or Social, Environmental, Financial) has seen progressive companies mandate the consideration of those three areas within their vendor selection process. With that directive, some travel managers believe that the inclusion of *Sharing Economy* vendors within their travel program contributes to the Environment/Planet subset of their corporate goals.

However, if services like Uber and Lyft are substantially the same as taxis and chauffeured car services – a person drives a customer from point A to point B – isn't the environmental impact the same? In this case, the inaccurate use of category labels such as *Ride-Sharing* or *Sharing Economy* have betrayed the true nature of the service.¹

Within our redefined *Sharing Economy* subset of the Technology-Enabled Peer-to-Peer Economy, there is a legitimate environmental benefit through shared consumption. As such, those travel managers with Triple Bottom Line reporting goals should explore vendors that directly remove additional vehicles/trips from the road, such as the aforementioned BlaBlaCar and Bandwagon.

Risks

While true sharing will almost certainly contribute the environmental goals of the Triple Bottom Line, sharing will also typically expose travellers to some level of risk. Within our example of *Ride-Sharing*, the corporate traveller is placed in a vehicle with a fellow traveller that they do not know, and in some cases, with a driver that has not been subject to the background checks that would otherwise be conducted within the taxi and chauffeured car industry.

¹ In some markets, Uber offers a carpooling service which is beneficial from an environmental perspective. However, such usage is rare amongst corporate travellers.

Services such as BlaBlaCar have numerous [protections in place](#), but will nevertheless cause concern for many corporate security departments.

Each company must therefore determine the appropriate balance of security concerns and environmental benefits.

Conclusion

The terms *Sharing Economy* and *Ride-Sharing* will continue to dominate the vernacular for well-known services like Uber and Lyft, but we aim to change the conversation to focus on the true meaning of *sharing*. In doing so, we hope that corporate decision-makers with an interest in Triple Bottom Line reporting will make choices based on the actual activities of the vendors, rather than simply the category to which they belong.

Disclaimer

Global Solutions Travel Management by UNIGLOBE does not recommend or discourage the use of any vendors mentioned in the paper. Decisions on the use of such decisions are best made by each company based on their unique needs and priorities. We simply hope to support such decisions with the use of clearer definitions.