Sharing Economy
Potential for sustainable tourism?

Sonja Münz

What economic, social and ecological opportunities and challenges can be expected for the tourism industry from the Sharing Economy movement? Can the sharing economy lead to a more sustainable form of economy for the tourism industry as well? To find an answer to this question we shall first of all consider the use of, as well as the advantages and disadvantages of the sharing economy services perceived by the consumers. After that we will look at the question of whether, and to what extent, resources in tourism can be better used through sharing economy services.

Sharing Economy – sharing things and using them collaboratively – has become a megatrend. Houses and flats, cars, bicycles, trips, insider tips, volunteer services (volunteer tourism), couches to sleep on, meals at home or other rented “seldom used objects” from other people, instead of buying them. More than three-quarters of all adult Germans over 18 say that in many cases renting/borrowing has clear advantages over owning. Sharing platforms are particularly popular with the 25-39 age group (82%) and the 30-39 age group (84%) (cf. Fig. 2) and are clearly becoming more and more popular. As regards planned usage of share economy services, the main users are even becoming a more homogeneous group (24-29 age group 88%; 30-39 age group 79%) with the result that there is more and more widespread public support for this trend.

For 70% of those interviewed, share economy enterprises have advantages over traditional enterprises. The most frequently named advantage: a better price for the same service (40%). Three quarters of the respondents are admitted to the opinion that share economy enterprises also have disadvantages compared to traditional enterprises. Doubts arise in particular where the quality of the products and services is concerned (37%). Thus the main challenges for share economy enterprises is to ensure that consumers are looked after by experts (48%) and that there is adequate insurance coverage (40%, p. 20).

Nevertheless, a rating of the sharing economy shows an obvious win-win situation: 83% of the respondents agreed that in a sharing economy the providers profit, while 79% also believe that the users profit (cf. Fig 2). Around three-quarters of the respondents are convinced that there is less wastage of materials and believe that the sharing economy is good for the environment (68%). Moreover, 73% of the respondents believe that society benefits from the concept of sharing (66%).

How high is the participation rate for sharing economy services?

The increasing success of share economy services is not least due to the emergence of a new type of consumer: a consumer who is not willing to assume the responsibilities that ownership involves, a consumer who instead is looking for units to use and thus for immediate satisfaction of their needs. The sharing economy or so-called collaborative consumption enables such consumers, as well as other consumers who may not have enough income or living/storage space to buy a product, to nevertheless use this product. The sharing economy also opens up new options and opportunities to consumers who have a preference for sustainable consumption, be it through the increased use of hitherto unused capacities or because long-life, high-quality products become as a result more attractive again. Another important incentive for share economy users is the collaborative consumption, i.e. the opportunity to interact socially with the “producer”, and even to start producing oneself. In the tourism sector this takes the form of a search for authentic experiences and a feeling of belonging, no matter where in the world.

Thus it is not very surprising that almost every second German has, at some time or another, had experience of alternative forms of consumption (co-consumption) (46%, cf. Fig 1) and every fourth German has at some time or other rented “seldom used objects” from other people, instead of buying them. More than three-quarters of all Germans over 18 say that in many cases renting/borrowing has clear advantages over owning. Sharing platforms are particularly popular with the 25-39 age group (82%) and the 30-39 age group (84%) (cf. Fig 2) and are clearly becoming more and more popular. As regards planned usage of share economy services, the main users are even becoming a more homogeneous group (24-29 age group 88%; 30-39 age group 79%) with the result that there is more and more widespread public support for this trend.

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The sharing economy has not least due to the spread of alternative forms of ownership and consumption. The following data show to what extent these alternative forms of ownership and consumption are also relevant for tourism in 2012: almost 90% of respondents had already rented cars or bicycles (cf. Fig 3). An equally high percentage had themselves rented or rented out a private or holiday flat on the internet and 25% has already actively organized collaborative consumption (e.g. car sharing). Based on a study carried out in the year 2012, Heinrichs and Grünberg demonstrate that there is a strong positive connection between age, level of education and income with regard to the use of alternative forms of ownership and consumption. The 30-39 age group rent cars or bicycles, as well as private or holiday flats, particularly often. Ninety-six percent of the people who have already themselves rented or rented out a private or holiday flats have had positive or very positive experiences of it. These tend to be younger, well-educated people who want a varied and interesting life, who have a high level of trust in other people and whose social orientation is slightly above average.

...
Thus it is generally expected that the sharing economy will result in an increase in social capital and improve the environment. How this applies to the tourism sector will have to be looked into afterwards.

How green is the sharing economy?

Many of its supporters emphasize that the sharing economy leads to a more sustainable form of economy i.e. to ecological net effects. Whether this is really true depends on the size and direction of the different individual effects (cf. info box). The sharing econo-

my will make a positive ecological contribution if there are efficiency gains with regard to consumption of resources and/or consumers consume smaller quantities. A negative ecological contribution is conceivable if the sharing economy should actually lead to increased quantity demand (rebound effect) which puts a strain on the environment.

The ecological net effect depends essentially on whether the effects of the environment are above all caused by the consumption or primarily by the manufacture of the products. There is no doubt that making use of sharing services in the accommoda-

Definition of efficiency and quantity dimension (Scholl et al. 2013:14ff)

Efficiency dimension: The spread of the sharing economy, in particular if it rises to the hope that there will be an increase in prosperity paired with lower consumption of resources i.e. that resources productivity will rise. On the other hand, more intensive use of consumer goods increases product useful life, i.e. a lot of new purchases are no longer necessary, with the result that fewer new are produced (Hirsh et al. 2001). On the other hand the opportunity to share products with other people promotes demand for long-life, maintainable goods. As long as the consumption of resources needed for this does not disproportionately increase, the consumption of resources drops and less waste is produced and there are efficiency gains (efficiency dimension). With products subject to a high level of technological change (e.g. with regard to energy and water efficiency) however, increased use of "outdated" devices or buildings may have a negative effect on the environment through lost saving opportunities.

Quantity dimension: Moreover, the sharing economy may have resource-saving as well as resource-consuming effects as a result of a change in (consumer) demand behaviour. Resource-saving quantity effects result when e.g. carsharing users, with a basic positive attitude to environmentally conscious behaviour, due to the increased transparency of their own actions drive fewer kilometres (resource-conserving quantity dimension). The sharing option may admittedly also result in the specific consumption of goods becoming possible in the first place, i.e. the carsharing services offered mean people without their own car switch over to using a car more often, or households with only one car use cars more often than otherwise. Such quantity effects are referred to as rebound or boomerang effects (Santarius 2012)). Indirect rebound effects (ebd.) arise when the financial resources saved as a result of alternative use are spent on other environment-consuming activities (e.g. on more travelling). In that case the result is not necessarily less consumption and thus a saving of resources, but a shift in consumption.

State investigated whether or not this permanently strengthens social networks and whether new friendships are made. The result of their study was that at the beginning of the couch surfing movement when the online rating systems were in their infancy and the use of platforms was a much more risky business, considerably more lasting friendships and networks arose than is the case today. For the two sociologists this is a result of the professionalism of technology. While it is true that, using the technological and above all digital capabilities means that networks can be linked much more easily, in the same measure new acquaintances with the network become much less binding. What implications does this have for tourism? It is true that visitors to a destination immerse themselves for a short time in the life of that destination and feel at home. This however does not mean that there is inevitably a closer social relationship between them and the local inhabitants, so

$p_1^{\text{job}}$ in the destination. Admittedly, hotels well established on the market suffered an average drop in turnover of eight to ten percent. Basic hotels and hotels without business travellers as clientele were among the biggest losers. This indicates that the supply of basic hotels and guesthouses was substituted by Airbnb, whereas the Airbnb services provided for the rest of the accommodation market seems to a large extent to be complementa-

Footnotes:

1 The database consists of 571 entries collected between 2009 and 2013 in the Tebis database in tables as well as population and labour market data for the groups involved. With the aid of a ‘multivariate fixed effect model,’ the effect of the sharing economy’s entry on employment in tables was measured (Glanz 2016: 24).


Practised ownership and consumption forms

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<td>Bought or sold things on the internet</td>
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<td>Bought or sold things at the flea market</td>
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<td>Lent car or bike</td>
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<td>Rented seldom used things</td>
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<td>Rented or rented out private flat on the internet</td>
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<td>Organized shared usages online, e.g. camping</td>
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| Basis: 1,096 people resident in Germany and at least 14 years old |

| Source: Heinrich/Gummi (2012: 12) |
that in the tourism sector as well collaborative consumption does not necessarily result in a higher level of customer loyalty and/or to a lasting intercultural exchange. The additional social capital created in tourism is, as before, of a temporary nature.

What are the effects of the sharing economy on the job market?

Sharing economy offers in tourism make low-cost trips possible: tailor-made traveling off the beaten track. For travelers who want an authentic visitor experience, the sharing economy offers good conditions for social interaction between guest and host to take place, even if such interaction is as a rule transient. For groups who like sharing, the monetary as well as the social aspect load to more and longer trips. Moreover, induced by tourism, the sharing economy opens up additional earning options and new jobs for more people which, however, differ noticeably in quality from those which were in part destroyed. At the same time one could at the moment speak of a democratization of the travel industry caused by the sharing economy. More and more people are able to offer tourist services, more and more people are able to afford tourist services. Admittedly only those people who have the necessary production means to offer a sharing service (e.g. a flat, a car) benefit from the additional earning opportunities. For them the sharing economy is a tool which allows them to join the ranks of the small traders.

The flexibility of the sharing economy which allows products and services to be offered when required considerably restricts the price-setting options of the established suppliers of tourist services, particularly at peak times in the season. The people who profit from the lower prices are all those tourism-relevant establishments which were not yet booked out at peak times in the season. This means that in a destination jobs are created in those sectors whose capacities can now be used better and with wider coverage. Employees who as a result of the substitution effects may have lost their jobs in the accommodation or transport sector can find new job opportunities (in hotel and catering, events, retail trade etc.) due to the additional money spent by tourists on food, drink, entertainment and shopping.

Conclusion

Sharing economy services present without doubt a big challenge to the tourism industry and one to which it can and must find innovative answers. For this to have a chance of succeeding, the sharing economy suppliers on the market must be willing to keep to rules of the game which apply to everyone, and the state must be willing to review existing regulations when the general conditions change. The potential of the sharing economy, through new business models, decentralized value adding, strengthening of social capital, saving of resources and ecological sustainability, to make a contribution to sustainable economic activity in tourism as well does in principle exist, though not without causing noticeable friction on the job market.

Sharing Economy: Auf dem Weg in eine neue Konsumwelt. Lüneburg: www.nbn-resolving.de/urn:nbn:de:0168-ssoar-427486

Bibliography

Don’t Wohn. Share. Time; http://content.time.com/time/specials/packages/article/0,28804,2059521_2059717,00.html [12.08.2016]
From classical bicycle renting to modern bikesharing
A success story of the Sharing Economy

Norbert Klassen

In the past 15 years innovative bicycle renting systems, so-called bikesharing systems, have established themselves on the market worldwide. They are thus part of the multimodal forms of transportation in the cities, and in exceptional cases in the countryside as well, and in this way supplement the traditional services offered by public transport and individual passenger traffic. According to a study carried out by TNS Emnid1 61 percent of Germans know what bikesharing is, and seven percent of them actually use it. Sixty-six percent of respondents can imagine using it.

In many countries, including the German Federal Government in its National Bicycle Traffic Plan 2020, the promotion of bicycle traffic is a stated aim. Cycling is good for your health, is environmentally friendly and contributes to a better environment in town and country. The number of cyclists, the use of bicycles as well as the number of kilometres covered have steadily increased in the past few years.2

With bicycle renting systems the bikes are rented out after the user has personally registered by smartphone, mobile phone or chip card at a station, or on the bicycle itself. The costs are calculated according to the duration of use. The technical developments in the field of digitalization, locating and mobility radio are also seen as drivers of this development. They offer customers easy access to an eco-friendly mode of transport which they can share with other customers and can use for a limited amount of time any time of the day or night, and usually under favourable terms.

The development from classical bicycle renting to bicycle renting system
Renting out bicycles is admittedly nothing new. Since Karl Drais invented the bicycle in the year 1817 and with the development of the “Binnendag” in the late 19th century the bicycle became popular as a low-cost mass means of transportation, thus making the renting of bicycles possible. Hoteliers, private landlords and bicycle shops placed their own bicycles at the disposal of the “summer fresh air fans” for excursions. In the towns the bicycle was still the predominant means of transport in the 1920s and 1930s.3 Professional bicycle renting began in tourist regions in the 1960s to offer holidaymakers mobility at their destination, without them having to take their own bicycle with them on the train. The bicycles are still rented out personally by the lender to the customer during the hours of business after providing proof of their identity and the bicycle is handed back at the respective bicycle rental outlet.

The idea for a bikesharing system (in German: FVS) developed from classical bicycle renting which is offered both in tourist destinations and in the cities - a large number of bicycles are made accessible in the public space. The bikes can be used by any customer after they have registered. The lending out and return can take place at different locations and is carried out by the customer themselves. It is a partly or fully automated self-service process.4 The bikes can also be lent out for short periods of time. The fees payable are trip-related, usually lower than if the bike is rented for one or several days. The bikes have a uniform design and are easily recognizable. The FVS is as a rule financed by several different sources. It thus provides the public with an individual means of transport - it is as a result referred to as an intermediary means of transport as a bicycle is neither a pure individual means of transport, like a car, nor is it classical public transport like the underground.

The development of the FVS took place in various stages.5 7 The first FVS generation came into life in Amsterdam in 1965 with the “Witte Fiatjes”, or white bicycles, which as communal bicycles were available to everyone in the public space and were intended as a supplement to public transport.6 They could be lent out without prior registration. After use the bicycle had to be parked again on the street and was available again to others. The problem with this system was that it functioned without prior registration or verification of identity and the bicycles were not locked. As a result the number of bicycles very quickly diminished and the system collapsed.8 First generation systems, modelled on Amsterdam, were also set up in Bremen, Bern and La Rochelle, but these cities were not able to overcome the problems either.

After that, in 1988 the town of Wedel planned an FVS as part of a publicly

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1 TNS Emnid (2011), Sharing Economy – BEST WITTE ÜBERNEHMEN
2 Amnis (2013) BEST ÜBERNEHMEN
3 ibid, S. 8
4 ibid, p. 30
5 Roland Berger BEST ÜBERNEHMEN
6 ITDP BEST ÜBERNEHMEN
7 Raumklima (2011), Stadträumliche Fahrradbahn-Infostellen, Trier, p.4
8 ibid, p.4
Sharing Economy im Tourismus

The success of bicycle sharing systems depends on exogenous and endogenous factors. Transport policy and the social environment, the concept, implementation and operation

Tasks and operating models for bicycle renting systems (FVS)

Operator (company)

Infrastructure (Setting up)

Bicycles Stations Software Central office

Personnel Management Marketing

Procuring of replacements

Table: Operating models for bicycle renting systems (FVS)

Operator (company)

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Town/city

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<th>Tasks</th>
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of the system as well as the user groups and their requirements have to be taken into consideration. The following success factors among others emerge:

- For reaching political support, including that from well-known people in public life, drives success. It makes it easier to implement strategies and measures and arouse public enthusiasm for cycling.
- Cycling must be anchored on a strategic level in the transport policy aims of the city or state. This is the only way to create a sensible framework.
- Bicycle renting systems need adequate funding and this cannot be achieved through user fees alone. Additional sources, for example private or public subsidies or advertising revenue, ensure success.
- The FVS concept must be tailored to the user groups. Tourists and local residents have different usage patterns, requirements and willingness to pay. Generally speaking, there must be easy access to the system.

Local conditions such as topography and climate must be taken into account when designing the system. For example, e-bikes can be used in hilly terrain. Cities with large differences in height must as a rule also include more costs for the redistribution of the bikes as stations located on a hill tend to be used as rental points and therefore empty quicker.

For successful operation there must be a high level of availability of bikes and of the reservation system. For this reason a sufficient number of bikes must be available all year and around the clock. Station density must be high and operability of the bicycles, stations and the reservation systems must be guaranteed.

Bikesharing in rural tourist areas continues to present a challenge to FVS operators: stations have to be visibly located at much frequented spots and distribution of the bikes has to correspond to the demand. Moreover, different suppliers coming together under a common umbrella brand may be a sensible idea, as shown for example by UsedomRad.**

- Wide-reaching cooperation between all participants ensures long-term success. Bicycle renting systems can supplement or replace public transport, relieve individual traffic or reduce parking pressure in the city. For this reason everyone affected has to get together and discuss around the table.


Opportunities for tourism in urban and rural areas

Bicycle renting systems and the sharing economy will continue to provide opportunities for tourism in urban and rural areas.

- The exploration of tourism areas will become more individual, more flexible and more attractive. People, buildings, squares and parks which otherwise are simply “faded out” during a 10-minute ride on the underground can be experienced up close.
- Cycling thus opens up new perspectives in addition to the well-known tourist highlights. Bikesharing will continue to be an important element in the range of touristic mobility services offered – in addition to taxis, hop-on, hop-off bus tours, classical public transport and classical bicycle renting.
Carsharing
A passing fashion or the future of mobility?

Thorsten Busacker

Economy is extended to include the sharing of information and knowledge, which in the end emphasizes its importance as a factor of production. In many areas with examples of systematic lending of objects, carsharing is without doubt the best known. There are many reasons for its high profile: the strong growth in this subfield of mobility in the past few years is of course one of them. Moreover, the strong commitment by some of Germany’s biggest companies (Daimler, BMW and Deutsche Bahn / German Railways) not only drove growth but also put the marketing and PR work of the providers and the whole branch on a professional footing. Platforms such as Airth for those who rent private rooms out as guest rooms to private providers, have long been among the providers. In the past few years – wholly in line with Jeremy Rifkin – private people have joined the ranks of car lenders.

Classical carsharing
There has been classical carsharing in Germany since 1988. The first German provider was StattAuto CarSharing GmbH, set up by the left-wing alternative movement concluded in their home town.

After its introduction at the end of the 1980s, classical carsharing led a niche existence for many years. The number of users grew only very slowly in Berlin-Kreuzberg. If in the classical carsharing system someone wants to rent a car, they first of all have to sign a skeleton rental agreement with the car provider and pay a safety deposit of several hundred euros. These deposits are used to provide the cars while the operating costs are covered by the user fees. The user fees depend both on how long the car is rented out and on the number of kilometres covered and, as a rule, also includes the cost of fuel.

For the first time ever it was now possible to rent a car e.g. to do the shopping or for an excursion of a few hours.

Classical carsharing is station-based, meaning that the operator rents parking spaces for their cars. Each car is allocated to a particular station and, when the time booked begins, it is picked up there and returned to the same station at the end of the booking period.

The biggest provider of classical carsharing in Germany is Flinkster, a subsidiary of German Railways, but the (often non-profit-making) associations and cooperatives of the early years are still active in many cities. In Munich for example, the StatutarAuto Muenchen.

In view of the market, some of which have been around for decades. Companies as well as associations or cooperatives have long been among the providers. In the past few years – in line with Jeremy Rifkin – private people have joined the ranks of car lenders.

These example show clearly that the sharing economy will not only considerably change travellers’ habits and expectations, but also business models, service options and value adding chains in tourism.

This is reason enough to have a closer look at the carsharing sector. How does carsharing actually function? There are various concepts on the market, of which some have been around for decades. Companies as well as associations or cooperatives have long been among the providers. In the past few years – wholly in line with Jeremy Rifkin – private people have joined the ranks of car lenders.

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It is not then necessary to conclude a separate rental agreement every time the car is rented out. This makes rental times of a minimum of only one hour profitable which was, when this carsharing model was introduced, something decisively new compared to classical commercial car rentals. For the first time ever it was now possible to rent a car e.g. to do the shopping or for an excursion of a few hours.

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Fig. 1: A comparison of carsharing concepts

Businesses: Alternative providers of carsharing services in Berlin.

Klassisches Carsharing
Free Floating, Autovermietung
Verleih eines Privatfahrzeugs
Taxi, Limousineservice
Shared Ride

Deutsche Fassung

6 DeutscherVerkehrsverbund [30.07.2016]
8 Source: www.Flinkster.de [28.07.2016]
ing a free floating carsharing vehicle replaces a trip on the underground or by bus, it is now widely recognized that this type of vehicle usage is more a help to line-based local public transport systems. The reason for this is that, in particular situations, it is now easier for users to use a car and thus do without their own car but they still, however, for the rest of the time remain “captive customers” without their own car and regular users of lo- cal public transport It is also remarkable that the large providers tested foreign markets rela- tively early on, car2go for example in Austin, Texas as only their second sta- tion after the pilot start in Ulm, or Mi- ami, Florida (see Figure 9) and in nine further US cities. As with classical, station-based carsharing, tourist use during vis- its to cities which other free floating carsharing service is con- ceivable, admittedly however, due to the comparatively low number of cit- ies covered, at present only an inter- esting option for metropolitan in- habitants (who are free floating car- sharing customers in their own home town).

As regards company organization, free floating carsharing displays no- ticeable similarities with the classical car renting business (renting of cars without driver), thus it is no coinci- dence that the two biggest classical car rental companies in Germany (Eu- ropean and Italian) at the same time op- erate the two biggest free floating car- sharing systems (car2go and Drive- Now). By doing without docking sta- tions and skeleton rental agreements, cars can be rented for a short space of time (e.g. 15 minutes) and are availa- ble in the close vicinity of the customer, making spontaneous usage possi- ble. It is debatable whether classical car renting systems and free floating carsharing can still be seen as a part of the sharing economy in the closer sense of the word as the service providers here are, after all, normal companies and not “private people or interested groups”, as required by the definition quoted at the beginning. Classical car- sharing, which is often operated by co- 

operatives or associations, comes clos- er to fulfilling this criterion. Neverthe- less, both benefit in the same way from this social trend towards “using instead of owning” and reduce the need for private cars because many users share the cars.

P2P or C2C concepts

Even more in line with Jeremy Rifkin are renting concepts in which private people make their car available to oth- ers for a fee – the so-called P2P or C2C concepts. P2P stands for “peer to peer” and C2C for “consumer to consumer”, although in the business both abbre- viations are commonly and synony- mously used.

As with the “classical” and “free floating” carsharing variants, provid- ers and users in the case of the P2P/ C2C concepts get into contact with each other via the internet. In contrast to the former however, with P2P/C2C the internet platforms merely serve as intermediaries. The (private) owner of the vehicle is always the provider and contracting partner of the person renting. With the P2P/C2C concepts it is in principle possible to rent a car with or without a driver.

The market leader in Europe for me- diating the renting of private cars with- out a driver is the French company driveyourcar, who in June 2016 exceeded the one-million-user figure and in addition to France also operate in Spain, Bel- gium, Austria and Germany, where in May 2015 it brought and completely in- tegrated the rival company autorenter- de. In total there are more than 36,000 private vehicles registered, which, due to the business model, are not constantly available. A provider in Germany is the company Lamyca. Both providers op- erate in principle nationwide, wherever private people want to rent out their car to other private people. The provider of a private vehicle can set the rental price themselves, as well as the other terms and condi- tions (e.g. minimum age or mini- mum duration of rent). As the user and the provider as a rule meet per- sonally to hand over the keys and the car papers, this is a comparatively time-consuming process because – as is the case with classical car hire – a lease of less than one day is not worth it. All providers try to minimize the un- easy feeling one has about handing out such a valuable object as one’s own car through specialized insurance policies which, in addition to the regular third-party and fully comprehensive insurance policies, apply when private people rent out to private people. The insurance partners and the services they offer are very prominently placed on the respective P2P/C2C carsharing websites. Various providers have established themselves on the market for renting a car with driver from a private person for longer, shorter, regular or oc- casional trips.

The French company BlaBlaCar, which operates in 22 countries and has more than 20 million users, has estab- lished itself as market leader worldwide for longer occasional trips. Through its takeover in 2015 of the company Carpooling, which had oper- ated the websites mitfahrzentrale.de and mitfahrgelegenheit.de, BlaBlaCar became market leader in Germany. In addition to the classical station-based carsharing, the carshar- ing agency business model has also been around for decades. These agen- cies with office walls covered in notic- es, long a familiar sight in many Ger- man university towns, were success- fully shifted to the internet with the setting up of BlaBlaCar in 2006. The advantages of the internet model compared to the classical walls-lined with notices one is the possibility to combine different trip stages as well as the possibility to rate the drivers, thus creating a better atmosphere of trust between strangers who often spend hours together in a confined space. As is the case with the driverless alternative, BlaBlaCar providers can set the price for the rides offered them- selves. As carsharing options are frequen- tly the lowest-cost alternatives for many longer trips, they also of course have touristic relevance – perhaps not so much for the classical holiday trip, but certainly for city and other short trips, or for private trips to visit family.

* see figures (2016). – Driveyourcar le million, autoro- nter.de, 34 06 2016
* Haert/Rahe (2016) BTW LIEBEND-MINN.
* see Figures, 26 06 2016

Carsharing systems (car2go and DriveNow)
Platforms for arranging lifts

Shorter, spontaneous trips have always been the domain of the taxi business. In addition to free floating carsharing, the sharing economy has found another answer to this need for mobility: the online transportation network company Uber. Uber arranges trips with drivers through its website, above all however through its app. At present Uber operates in 498 cities worldwide, at Germany as well as in many other European countries have thus far been forbidden the UberPOP service.

While this clarifies the legal position for the moment, it is of course debatable both from the regulatory and from the socio-political point of view whether for example the local knowledge test, which is a prerequisite for issuing the passenger transportation licence and a big hurdle in large cities, is not outdated in an age where a navigation system is installed on every smartphone. The number of taxi licences is limited by the local authorities and this shields the market.

In mature markets such as e.g. San Francisco or London where Uber has already gained a significant market share, up to three quarters of the regular taxi users had not previously been regular taxi passengers. Thus the use of Uber services is to a large extent not at the expense of the established and strictly regulated taxi business – although presumably every single one of its critics has at some time or other been in a foreign city or district and tried to find the number of the local call-a-taxi service.

Supporters of this model praise the independent way of working – the Uber drivers for example decide their working hours themselves without any roster by simply accepting rides or not, whereas salaried taxi drivers have to keep to rigid scheduled shifts. Critics criticize the lack of social security and the dependence on one single platform, which de facto acts as an employer, while regarding German social standards the criteria for apparent self-employment are fulfilled.

In May 2016 the EU Commission also concerned itself with the sharing economy in general and in particular with the question of to what extent the interests of old-established suppliers are threatened by the new competitors. The EU Commission’s conclusions have been published in a discussion paper. According to the EU Commission’s position as a “one-stop-shop” meaning that it is perceived as a provider of a superior innovative service which to date no other company has been able to offer. The Commission has referenced for example in Uber launching a partnership with a premium supplier such as Hilton where a booking is possible to book Uber trips directly through its app.

In contrast to this, in Europe Uber is largely perceived as an intruder who wants a bite of the cake enjoyed by the established and strictly regulated taxi business – although presumably every single one of its critics has at some time or other been in a foreign city or district and tried to find the number of the local call-a-taxi service.

Superior customer network for frequent and occasional travellers

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Sharing Economy in the Accommodation Market

Background, opportunities and risks

Passport editorial staff in an interview with Claudia Gilles, Managing Director of the German Tourist Association (Deutscher Tourismusverband e.V.)

Ms Gilles, the German Tourist Association recently published a position paper entitled “The Sharing Economy and the German Accommodation Market”. Can we speak of a nationwide sharing economy boom in Germany?

When people speak of a sharing economy boom in the accommodation market they usually mean that more and more private people rent their room, their flat or their house, occasionally and for a fee, to a third party and do so through digital mediator platforms such as Airbnb and Wimdu. These portals are however already used by hotels and classical holiday flat renters as a distribution channel. And at no great expense: mobile internet and online pay systems make this possible. The mutual rating and online pay systems provide the users with orientation and a reference point to compensate for the lack of trust.

What was and is the driving factor behind the increase in these numerous new offers? It seems as if “owning” as a status symbol has had its day and the pleasure of “sharing” has won over the younger generation. One important driver are the already mentioned technological developments which on the one hand keep down the costs of many small, short-term and occasional transactions between private people. On the other hand, rating systems provide a certain degree of control – for both the host and the guest. Another factor is the increasingly mobile job market which has meant that many people commute between two cities and have a main and a secondary residence. The desire for individual travel experiences also plays a role: “Live like a local” is one of the marketing promises of Airbnb and Co. Moreover, sharing instead of owning is presented as a sustainable alternative to the traditional market model. And when it also leaves you with more money in your pocket, it is all the more attractive to the individual landlord.

Is the “sharing economy” phenomenon concentrated mainly in the big cities or is this trend also noticeable in rural areas?

To date, the sharing economy in the sense of occasional renting out of private accommodation has taken place predominantly in the big cities. What is important to the guests is to immerse themselves in an urban attitude of life and feel like a local for a limited space of time. You also find landlords from rural tourist regions on the sharing platforms, but as a rule they offer traditional accommodation such as holiday houses or holiday flats.

The growing diversity of offers and the fast-moving nature of new products in the sharing economy can hardly be ignored. How flexibly has the industry been reacting to this change?

Reactions are very varied. For the providers it is important to the guests is to immers themselves in an urban attitude of life and feel like a local for a limited space of time. You also find landlords from rural tourist regions on the sharing platforms, but as a rule they offer traditional accommodation such as holiday houses or holiday flats.

Let’s dare to take a look into the future: What opportunities, as well as risks, for the quality of German tourism do you see in the new flood of offers?

We are talking here about an innovative force able to also motivate established service providers to rethink their offers and adapt them to suit new customer wishes. On the other hand there are also risks: one problem is that in many cases it is almost impossible to objectively measure quality on the mediator platforms. It often happens that one and the same product receives different ratings. Moreover, results can be manipulated. It is quite conceivable that reciprocal ratings are coordinated or that bought users give a rating. The platforms have also triggered a discussion on the legality of renting services. Basically, certain rules apply to the renting of holiday accommodation – whether commercially or not. There are of course black sheep in this sector too. Not every provider keeps to the applicable regulations and stipulations. Law-makers and local authorities must be consistent in enforcing them.

Ms Gilles, thank you for the interview.