



Sharing as a consumer culture

Summary of the study «Sharing Economy - teilen statt besitzen» conducted by TA-SWISS



TA-SWISS, Foundation for Technology Assessment and a member of the Swiss Academies of Arts and Sciences, deals with the opportunities and risks of new technologies. This abridged version is based on a scientific study carried out on behalf of TA-SWISS by an interdisciplinary project team led Thomas von Stokar, Director of INFRAS. It presents the most important results and conclusions of the study in condensed form and is aimed at a broad audience.

Sharing Economy – teilen statt besitzen

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The sharing economy in brief	4
Its opportunities ...	4
... and risks	4
... and some recommendations	5
No need to own everything we use	5
A wide range of products, different business models	5
Four features characterising players in the sharing economy	6
Grey zones in the definition	6
Having a share in sharing	6
Personal traits either promote or hinder sharing	7
Fairness through legislation	8
Alarm at political levels	8
Act of kindness or business?	8
Different rules for employees and the self-employed	9
Fewer cars for many	9
Complex network of relationships	10
From acts of friendship to financial services	11
Good sharing, bad sharing	12
Opportunities for the sharing economy	12
Risks must not be ignored	13
Expansion impacts the overall benefits	13
The sharing economy does not need a new legal framework	14
Consistently applied, existing rules are sufficient	14
Vigilance towards market failures required	14
Ensure that data is handled trustworthily	15
Keep an eye on the labour market	15
The social security law needs clarification	15
Prevent the formation of permanent monopolies	15
Investigate environmental impacts	15
Opposing views in the TA-SWISS Steering Committee	15
Supervisory Group	16
Project Management TA-SWISS	16

The sharing economy in brief

The internet connects people. Many people no longer use social media and online platforms such as Facebook, Twitter, Instagram and Pinterest merely to exchange information, but increasingly for economic interactions as well. Goods and services are rented or exchanged via the internet – often directly between private individuals who find each other on such platforms.

Its opportunities ...

Sharing goods maximises their usage capacity: when several families share the use of a car, they all save money. Some people borrow consumer goods for which they only have sporadic use. This does not only ease the burden on their wallet, it is likely to also benefit the environment when fewer resources are used to cover several people's needs.

Furthermore, the sharing economy provides a simple way to earn extra income. Why not rent out your apartment through Airbnb to tourists while on holiday? Other platforms act as mediators for cleaning services, technical support, and transportation services for people and/or goods.

Such platforms not only open up opportunities for the uncomplicated exchange of goods or an additional income, they can also pave the way to regular employment for people who have few opportunities

in the conventional labour market or live in a remote area.

... and risks

Established industries are coming under pressure from the sharing economy. The hospitality and hotel industries complain about unfair competition from amateur chefs who cater for guests at rock-bottom prices, or from private individuals who provide accommodation for holidaymakers. And the taxi industry has been protesting about declining revenue since anyone owning a car has been able to transport passengers through Uber Pop at low cost without needing a taxi license or any other kind of concession.

Internet platforms see themselves purely as intermediaries and not as employers. As a result, they do not have to worry about social security for those whose services they mediate. It is therefore the workers who carry a large part of the entrepreneurial risk, and standard rules on health protection and entitlement to rest periods and holidays that otherwise apply in the working world are circumvented.

In addition, the sharing economy can also lead to lower revenue for our social welfare system, i.e. when workers in the sharing economy do not declare their income to the authorities, social security funds will miss out on their contributions.



... and some recommendations

The way in which Switzerland deals with digital marketplaces is likely to be decisive for its future competitiveness. Regulation aimed solely at the sharing economy should therefore be avoided. Rather, any control measures introduced should take into account the phenomenon of digital change as a whole.

In order for the sharing economy to function, it is essential that customers trust the digital platforms and the offers they make available. It is therefore all the more important that platform providers ensure a fair, conscientious, transparent and technically

secure handling of the personal data they collect about their customers. Although data protection is an absolute must in the sharing economy, the introduction of regulatory measures at the present time would appear to be premature; it is more important to first gain experience on a larger scale and to seek international coordination.

The existing labour law in Switzerland also provides a suitable framework for the sharing economy. However, it is necessary to monitor whether adjustments to social security legislation will be required in the medium term if the labour market increasingly relies on platforms for its organisation.

No need to own everything we use

In our Western industrial society, much is available in excess making room for new forms of consumption. The sharing economy stems from the ancient practice of using goods on a communal basis and transfers it to the global communication network of the modern age.

A single household is unlikely to use a drill, a high-pressure cleaner or a ladder every day; the same goes for a waffle iron, a fruit picking tool or a pasta machine. Apart from the fact that such equipment is relatively expensive, it takes up a lot of space in the kitchen or tool shed. Much better would be to borrow it as needed – and offer something else in return. It was this idea that inspired three people from Zurich to found Sharely in 2013. On sharely.ch's internet platform, anyone can register items that they are willing to lend at a price they set themselves. Sharely receives 20 percent of the rental price for their mediation services and for handling payments, checking participants and operating a rating system to review their reliability.

A wide range of products, different business models

True to the concept of sharing instead of buying, Sharely is an example of the sharing economy. Other platforms similar in technology and organisation include babywave.ch, specialising in children's cloth-

ing and furniture, and rentalens.ch, that provides high-quality cameras and lenses. Not every offer has a commercial purpose. Pumpipumpe, for example, stands for pure sharing. Members of this platform put stickers of everyday objects that they are willing to lend out on their mailbox or front door, so that their neighbours know what can be borrowed free of charge from whom – or in colloquial German, what can be "gepumpt". Lately, Pumpipumpe operates an online-platform as well.

However, it is not only consumer goods small enough to be sent by post that are shared. On sharoo.ch, private individuals offer the use of their cars. The platform karzoo.ch, based in Belgium but also active in Switzerland, connects people who want to maximise the usage of their cars and share their travel expenses by car-pooling. Cowodo.ch offers business premises, while private accommodation can be booked through the internationally operating hubs such as Airbnb. Sport events and services have also become part of the sharing economy: through splitseat.ch, it is possible to share season tickets for hockey, basketball, handball or football matches. Anyone experiencing problems with their computer or electronic devices can ask for help from technically skilled people at mila.ch. And with Lausanne-based Surfing Dinner, amateur chefs cater for gourmet guests at home while covering some of their expenses at the same time.

Four features characterising players in the sharing economy

While the range of goods and services being shared or exchanged is as wide as the driving forces and business models behind them, some technical and organisational features are similar.

Typically, suppliers and consumers find each other on internet platforms which connect people who want to buy something with others who have something to offer. For the TA-SWISS study, the presence of some kind of online platform is one of the four criteria for defining the sharing economy.

Another defining feature is the fact that the exchanges take place between private persons. Evidence that individuals conduct business with each other on an equal footing is also reflected by the rating systems usually provided by the sharing economy platforms: anyone who lends or borrows goods can comment on their experience and award good marks to reliable exchange partners. Even while no face-to-face meeting takes place, such feedback improves the transparency of the offers.

Furthermore, the sharing economy, as defined in this study, is based exclusively on the temporary use of a service or a product and not on the transfer of ownership. And, finally, the TA-SWISS study excludes digital goods – software, video or music streams and the like – as numerous people can use these simultaneously, which is not the case with material objects.

Grey zones in the definition

The sharing economy is just one of various forms of the platform economy. Experts use this term to describe business models that pool a wide range of offers on an internet platform and enable information to be exchanged between a vast number of people across the world. Amazon Marketplace is a prime example: from book publishers to kitchen or wellness shops, a wide variety of companies use this virtual marketplace to reach customers on a global scale. But the platforms also provide immaterial goods such as after-school tuition or dating services, for example. Real estate is also available on such platforms, whether it be properties for sale or rental and holiday apartments.

The sharing economy cannot always be clearly defined. However, the above-mentioned features – time-limited use and exchange between private individuals – enable the TA-SWISS study to specify the subject under examination: while renting out a place to sleep in a private apartment to holidaymakers through Airbnb is to be attributed to the sharing economy, renting an apartment with an open-ended contract via homegate.ch does not fall into the same category. The business model of the car-share platform company Mobility is also not included as part of the sharing economy in this study as the Mobility cooperative is a commercial provider.

Having a share in sharing

Anyone sharing goods or a service must be prepared to accept constraints: in some cases, one may have to wait for someone else to return the requested item, and it could then show signs of wear and tear. Patience, trust and a certain willingness to take risks are characteristics displayed by those who participate in the sharing economy.

In Switzerland too, sharing is gradually expanding as a way of life and as a form of consumer culture: there are platforms available for organising the private transport of people or general cargo, book-

ing accommodation, hiring clothes and other every day items, finding others interested in cooking or socialising together, and even for using alternative financial services outside the banking system.

Since data is scant, only a limited assessment can be made of the economic significance of the sharing economy in Switzerland but Credit Suisse estimates that its contribution to the country's gross domestic product (GDP) amounts to between 0.1 and 1 per cent. What has been more closely investigated is how much the booking of accommodation via Airb-

nb is expanding in Switzerland: in the canton of Valais, the properties offered on the accommodation portal tripled from 2012 to 2014, and it is estimated that almost two million overnight stays were booked through Airbnb in 2016, which corresponds to five percent of overnight stays in the traditional hotel industry. Switzerland too is experiencing dynamic growth as far as specific sharing economy offers are concerned.

Personal traits either promote or hinder sharing

But what makes someone want to book accommodation with Airbnb or Couchsurfing? People who are adventurous and like meeting the locals are more likely to choose a sharing economy option. Another great influence on a person's choice is the extent to which they fundamentally trust their fellow human beings and how they handle the unexpected, i.e. if they are willing to take a risk. Finally, it is also important how people react to experiences in general, good or bad: whether they are discouraged by a single bad experience and express their displeasure (experts speak of negative reciprocity) or whether they give greater importance to successful experiences and rate them accordingly on the portal (positive reciprocity).

The TA-SWISS study therefore examined which sections of the population are influenced by which

behavioural drivers. As it turned out, women are particularly reluctant towards offers that require patience and a certain willingness to take risks. In return, their acceptance level is higher towards goods and services that require trust in other people. Men, on the other hand, react more strongly to negative experiences and are therefore more likely to actively contribute to the sharing economy, when negative reciprocity is needed in order to improve the quality of the offer.

In terms of age, it is the 36 to 55-year-olds who most strongly embrace the sharing economy rather than young people in their twenties. Those with an annual income of more than CHF 125 000 and a university degree are more likely to use the goods and services of the sharing economy and to be active on the supply side than those with a lower income or without a matriculation diploma ("Maturität"). The sharing economy therefore primarily appeals to middle-aged people and people with a higher socio-economic status.

Preferences and character traits are often deeply rooted and not easy to change. The sharing economy would therefore benefit from framework conditions that would also appeal to people who tend to be suspicious, impatient and less inclined to take risks. Transparent business models, easily accessible information and short waiting times would most likely encourage these people to embrace the sharing economy too.

Fairness through legislation

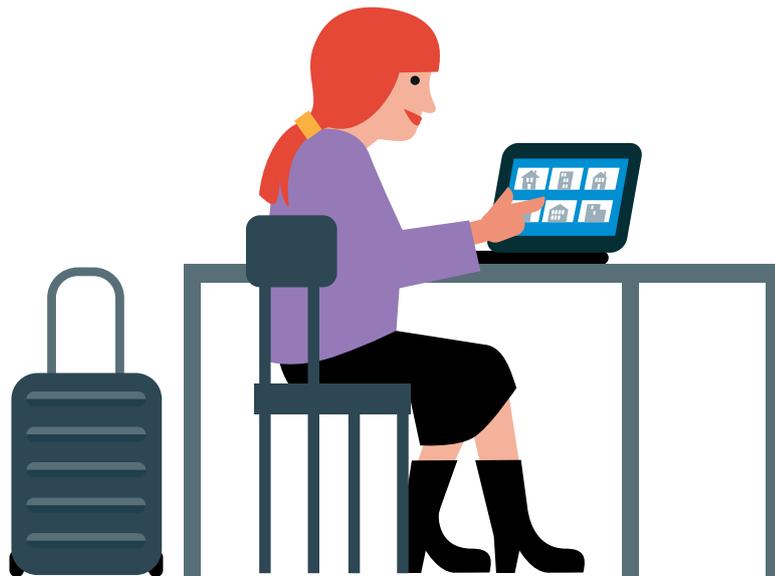
Economic freedom does not mean simply letting things run their course. A raft of provisions ensures that no one involved in the supply, demand or mediation of goods and services enjoys undue advantages – or, on the contrary, is cheated. Existing laws can also be applied to the sharing economy.

Economic freedom is enshrined in Switzerland as a fundamental constitutional right (Article 27 of the Federal Constitution). Various legal instruments ensure an equitable balance between all those involved in commercial activity. However, the sharing economy generates fears that, due to the emer-

gence of new grey areas in legislation, some resourceful business people could circumvent existing regulations and avoid their social responsibilities.

Alarm at political levels

Several members of the Swiss Parliament have already submitted motions that address the various forms of "platform capitalism" (Balthasar Glättli). Particular concern has been expressed over the Uber transport service: is the safety of passengers guaranteed if they are transported by private individuals working to supplement their income – and



don't Uber drivers have an unfair competitive advantage over conventional taxi drivers who need to live from their profession? Is there a risk that income earned from such part-time taxi services will be smuggled past social security funds? Are the drivers who are booked via the Uber app to be classified as self-employed, or are they rather to be seen as employees of the Uber agency platform?

The new forms of hosting and accommodation services in private households, such as those booked via züri-kocht.ch, surfingdinner.ch or Couchsurfing, also raise questions. While conventional restaurants and hotels must comply with a raft of regulations from fire protection to hygiene, and are subject to regular monitoring, anyone can offer a night's lodging on Couchsurfing, Airbnb or similar platforms or invite guests for a meal via Surfing Dinner – without undergoing costly quality controls and often without having to charge a visitor's tax. No wonder that the hotel industry complains that the odds are unfair in the competition for customers.

Act of kindness or business?

From a legal perspective, it is first of all necessary to clarify if an economic activity – the supply of a product or a service – is a commercial activity, i.e. is driven by the intention to earn money. For example, if tenants make a refrigerator available for everyone in the building to deposit leftover food for the use of others, this form of sharing is an act of kindness and is not subject to supervisory or tax obligations. In the same way, when everyone brings a salad or

dessert to a party in the neighbourhood, this kind of sharing is based purely on friendship.

It becomes more complicated when, for example, someone likes cooking and wants to share their passion with others. Various platforms exist that connect enthusiastic hosts with grateful gourmets – providing offers that are subject to harsh criticism from the traditional gastronomy scene. Complaints are made on the unfair competition caused by the fact that restaurants must meet a series of requirements, while amateur chefs remain unchecked and also undercut the prices of traditional restaurants.

Not only is the requirement for equality in business competition being infringed upon, but in certain circumstances social security obligations too. When private cooks charge money not only for ingredients, but also for their working hours, they generate income that is taxable – at least if it exceeds a certain amount per year. Although the Züri-kocht platform limits the number of possible events to eight per year, other similar platforms do not apply such restrictions and thus increase the risk of losses to the social security funds and the need for authorities to carry out more inspections.

Generally speaking, the platforms charge cooks a fee of 15 to 20 percent of the meal price for their mediation services. The cantons, on the other hand, which are responsible for the legal regulation of the catering industry, have different approaches to these dining platforms: while the canton of Vaud, for instance, allows a maximum of nine people to eat together via surfingdinner.com, the platform is prohibited in the canton of Geneva.

Different rules for employees and the self-employed

There is a significant difference between being employed or self-employed, particularly as far as social welfare benefits are concerned since it is compulsory for self-employed persons to declare their income to the Compensation Office themselves and to pay the corresponding social insurance contributions: Old-Age and Survivors' Insurance (OASI, German: AHV), Loss of Earnings Compensation (LEC, German: EO), Unemployment Insurance (UI, German: ALV) and Invalidity Insurance (German: IV). Employees, on the other hand, are automatically registered by the Compensation Office via their employer who pays half of the applicable contributions.

Controversy exists over whether individuals who offer their labour via an internet platform should be classified as self-employed or employed. Various decisions issued by the Federal Supreme Court have defined the specific features of self-employment to include the following: the worker bears the entrepreneurial risk, organises his or her activities independently and is economically not dependent on a single customer. According to various court decisions, persons who work for a mediation platform or crowd-work platform do not bear any entrepreneurial risk.

At present, only very few working people are likely to be earning their living from the sharing economy only. Generally speaking, people who drive passengers for the transport service Uber Pop or offer technical support for mila.ch, for example, carry out these activities as a side-line in order to earn extra income. For the social security authorities, the question of the self-employment status is not related to the individual, but to the income earned. Thus, it is quite possible for someone to conduct certain activities as a salaried employee and others on a self-employed basis. If the income from side-line activities amounts to less than CHF 2300 a year, it is not liable to social security contributions.

The online platforms have every interest in declaring the manpower they provide as self-employed. This relieves them of the obligation to pay social insurance or to provide protection to their working partners: workers who fall ill receive no further pay, nor paid holiday. The platform companies like to claim that all those who offer their services are free to cooperate with different mediation platforms, so that they are not dependent on a single company.

They also emphasise that the work carried out is characteristic of a pure side-line activity which in any case does not bring in large sums of money.

Fewer cars for many

Depending on the sector gaining a foothold in the sharing economy, specific legal regulations apply, for instance when transporting people and goods: anyone who carries passengers on a regular and commercial basis requires a concession. According to the Passenger Transport Act (PTA, German: PFG), regularity is defined as more than two journeys between the same places within 15 days. The activity is commercial when someone receives a fee or any other economic benefit from the transport. Thus, the Federal Supreme Court declared a case to be commercial where a person was driving two apprentices from another company with him on his way to work and collected two francs per trip for this. Strictly speaking, non-professional drivers are allowed to offer two journeys but not earn anything. Once the commercial nature of a transport activity has been confirmed, a number of other regulations must be taken into account, such as compliance with rest periods and the acquisition of a special driving licence.

Especially in the case of the Uber Pop transport service, which allows non-professionals to drive their private cars without a special concession, it is unclear whether its complicated legal model is compatible with Swiss law. A Swiss expert report concludes that Uber drivers should be classified as company employees. In the summer of 2017, a court in the Canton of Zurich convicted a student who had driven too often for Uber Pop. The service has since been discontinued in Zurich – but not in other Swiss cities. The services of Uber X and Uber Black continue to be offered in Zurich, but both with a professional extra: journeys booked through Uber X are carried out by professional taxi drivers, while Uber Black conforms to a classic limousine service with luxury cars. Many issues around Uber – especially Uber Pop – are still unresolved and the foreseeable court cases are unlikely to be easily settled since the platform operates internationally and is based in the Netherlands.

Not only transport services are provided via platforms, but also the vehicles themselves. In Switzerland, the car sharing cooperative Mobility is well established. However, because in this case private

individuals share cars belonging to a cooperative, this model does not fall under the definition of the “sharing economy” used here, which is based on exchange relationships between private individuals. The situation is different with sharoo.ch. This platform enables private individuals or companies to rent out their cars at a price they set themselves: a Porsche Cayman costs 80 francs per hour, while a VW Golf is available for six francs. The platform itself is financed by a share of the rental price. With Sharoo, the usage capacity of vehicles is maximised: cars are less often left standing around unused and, for people who only need a car occasionally, the platform may encourage them to decide against buying their own vehicle.

Complex network of relationships

Under the Road Traffic Licensing Ordinance (RTLO, German: VZV), companies that rent out vehicles are obliged to keep a rental register. It is unclear whether Sharoo is also subject to this obligation. Since the platform collects personal data from both renters and owners, and because the rentals are made online via the platform and are thus also stored there, Sharoo could easily meet this requirement.

Suppliers who make their private car available on Sharoo gain a tangible benefit, namely the chance to earn a welcome contribution to the fixed costs of their vehicle. Sharoo even makes suggestions to improve marketing, so that after deducting fixed costs and other expenses, a profit may even result. However, if this should encourage some individuals to purchase vehicles solely with the intention of renting them out via Sharoo, the ecological advantage that could theoretically be achieved through the car sharing service would be lost.

All those who earn income through Sharoo after deducting costs are, according to the law, conducting a commercial activity. This means that they have to pay taxes and OASI (AHV) contributions on their income if this exceeds the minimum amount of CHF 2300 per year. Anyone who earns more than CHF 100 000 a year renting cars must also register in the Commercial Register. Finally, insurance cover is also important: if someone damages a loaned car, their liability insurance will apply; in the event that the car is involved in an accident and causes damages, the vehicle owner’s compulsory insurance will bear the costs. Sharoo itself does not offer insurance cover, but has negotiated a framework agreement with the Swiss Mobiliar insurance company,

which allows renters to take out fully comprehensive insurance.

Anyone who offers or rents a vehicle on Sharoo can comment on and rate the experience on the platform. People rated also have the chance to comment on the assessment or to have incorrect information deleted. According to the Federal Act on Data Protection (FADP, German: DSGVO), data processors – in this case Sharoo – are obliged to ensure that the facts posted are correct. Overall, rating platforms on the internet pose legal problems with regard to data protection and personality rights, which also cause concern for the Federal Data Protection and Information Commissioner (FDPIC, German: EDÖB). In particular, the hazy mixture of factual and value judgements is potentially explosive, since there is a risk that the personality rights of the person being rated may be violated by derogatory statements based purely on opinion. This risk basically exists for all internet platforms that offer users the chance to rate each other.

From acts of friendship to financial services

From cleaning staff to extra tutoring through to technical support, various forms of help can be booked via internet platforms as part of the sharing economy. In all cases, it is important to clarify first and foremost whether these services are provided by self-employed persons, or whether the providers are more likely to be categorised as employees. This is particularly important with regard to social insurance contributions.

Mila.ch, for example, mediates the services of people who declare to have technical skills. Anyone stuck with a problem with their computer, TV or any other electrical device can contact Mila. The platform forwards the request to a so-called friend, who is able to provide the requested service and solve the problem. For its mediation services, Mila receives a commission of 20 percent of the price charged by Mila friends. A strong partner of the platform is Swisscom, which has considerably expanded its customer support service with the help of Mila friends. They normally carry out their activities as a side-line, and are obliged by Mila’s general terms and conditions to register themselves with the OASI (AHV) authorities as self-employed. Here too, the obligation to pay insurance contributions is determined by the amount of income earned: if less than CHF 2300 a year, no social insurance payments are

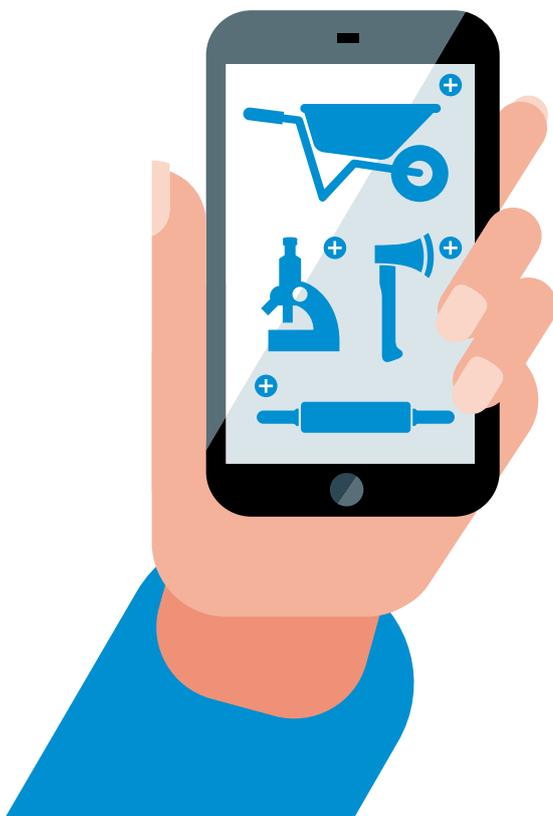
due. The fact that Mila does not give instructions to its “friends” on how to fulfil their tasks speaks in favour of classifying the platform as a mediator and not as an employer.

Finally, the sharing economy even offers investment opportunities. At crowdhouse.ch, people who cannot afford a property on their own can still get involved in the real estate market by purchasing a share of an apartment building. To do so, however, they must be able to produce the entry threshold of CHF 25 000. The properties are sold by communities of heirs, architectural offices or professional property development companies. The investment opportunity is mainly used by men over 60, but occasionally by younger people and women. They benefit from the fact that the property market is becoming more transparent – and they achieve a return on investment with the rental income. In addition to its mediation activities, the platform also offers consulting services. In return, it charges an agency fee for its mediation services and the administration of the property. Responsibility for meeting tax obligations lies with the investors themselves: if they earn income from the investment, they must pay the corresponding social security contributions.

In order to determine whether the Crowdhouse model is subject to financial supervision, it is essen-

tial from a legal point of view that no client funds flow into the platform’s account; rather, the invested money is credited directly to the sellers of the property via a blocked account. However, various experts are of the opinion that such innovative financing models should also be subject to supervision. Above all, this would make it easier to check the business model in the event of any conflict of interest among the parties involved – especially since the relationship between the different investors is not entirely clear in legal terms.

A special case of the sharing economy, which also embodies the concept in its most direct form, is pumpipumpe.ch. This platform does not require a mediating instance, as it connects the providers and users directly with each other. The goods are offered free of charge, profit is not the aim, and the members of the core team running the platform work on a voluntary basis. The driving factor behind Pumpipumpe is the desire to maximise the use of consumer goods, thereby contributing to more sustainable consumption and at the same time promoting social interaction in the neighbourhood. This form of the sharing economy falls under the definition of sharing out of kindness and, like any other form of service conducted based on good will, has no legal implications whatsoever.



Good sharing, bad sharing

The high level of education of the workforce, a well-developed IT sector, digital expertise among the population and, last but not least, pragmatic legislation create a favourable framework in Switzerland to exploit the positive potential of the sharing economy – and to contain its risks.

The sharing economy is part of the platform economy. It is characterised by large digital marketplaces which pool the products of numerous providers and thus achieve worldwide reach. The absence of direct contact between the offering company and the customers is offset by the fact that they can rate the offers and service provided by the platforms. This ensures a certain transparency in the market and increases buyer confidence.

Opportunities for the sharing economy

With digitisation continuing to grow, the importance of the platform economy is likely to rise considerably – worldwide, and therefore in Switzerland too. The ease with which the new mediation platforms can bring suppliers and consumers together creates considerable opportunities. This makes room for innovative offers and the potentially global coverage allows even small companies and goods which previously could not reach a sufficiently large market to conquer their niches and achieve an adequate customer base.

In addition, the sharing economy is part of the trend towards more flexible forms of work: as markets move closer together in terms of location and time, opportunities open up for people to offer a product or service on their own initiative and to reach the customers they need. The sharing economy can also provide people with a disability or people who, for other reasons, are difficult to place a low-threshold access to the labour market, which is of great social importance.

The Swiss Confederation shows a strong interest in understanding the effects of the sharing economy on the labour market. A report published on this topic in November 2017 confirms that although Switzerland is in a good position to benefit from digitisation, the framework for successfully managing this structural change needs to be further optimised.

As a result, the Federal Council has decided, among other things, to consider making social security regulations more flexible. However, attention should be given to ensuring that this development does not lead to a casualisation of the labour force or a shift of the social security burden to the general public and the federal budget.

The sharing economy also creates unconventional forms of side-line activities, which sometimes even lead to more social contact and cohesion. For example, those who present their neighbourhood to holidaymakers staying in their apartment or who share resources with others are highly likely to meet like-minded people.

Sharing goods can also help to level out social differences by bringing expensive products within reach of people for whom they were previously unaffordable. In addition, the rating systems that are indispensable for the sharing economy lead to more transparency in the market. And finally, new competition encourages well-established companies to improve the quality of their products.

Risks must not be ignored

With the emergence of new distribution channels and business models, established businesses come under pressure. At present, it is the hotel industry in particular which feels it suffers from the effects of platforms such as Airbnb or Couchsurfing, and the taxi industry which complains about the competition from Uber Pop. It is at least questionable whether the jobs lost in traditional businesses will be offset by jobs in the new models. Various studies conclude that wage levels within the context of the sharing economy are rather tending to fall, although there are also analyses that show the opposite.

Generally speaking, the greater the reach of the sharing economy platforms, the more successful they are. Recent experience shows, however, that in the platform economy, self-reinforcing processes can enable profitable companies to rapidly achieve a dominant market position. Under certain circumstances this may lead to monopoly-type structures, which is particularly critical in view of the large amounts of user data that such platforms collect: if

individual companies are overly dominant, so-called “locked-in effects” can occur whereby these platforms possess user data which users cannot take with them should they wish to switch to the competition. It is therefore important to regulate data transfer and deletion at international level too.

The wealth of personal information collected on the platforms is an asset that can be used to earn additional profit. When information about a person is combined with behavioural data, profiles can be created that can be resold to third parties – possibly even for higher returns than those generated by the operation of the platform itself. It remains to be clarified whether such constellations can be classified as a benefit or a risk from an economic and societal point of view. In any case, the abundance of data facilitates the emergence of information asymmetries between large and small providers.

Some sharing economy platforms act as free riders of a tax and social security system that is not designed for such models. Often operating internationally over the internet and requiring neither production facilities nor many employees, they are free to locate their headquarters where tax and legal conditions are favourable – and to change location quickly if necessary. In most cases they also do not pay social security contributions as they classify their staff as self-employed. Plus they find loopholes to avoid other fees that are compulsory for other established providers – such as the visitor’s tax in tourist areas.

The sharing economy pushes “organised irresponsibility” to its limits: it is often not clear who carries responsibility when something goes wrong with an exchange or rental transaction. Is the platform liable if someone books accommodation but there is no apartment at the given address? And who pays

for damages to a shared product? As already mentioned, many suppliers get by without permanent staff and therefore see no need to provide social security for their workers or to comply with labour standards. As a result, labourers in the sharing economy are often disadvantaged in terms of pension funding, accident insurance and health protection, as well as further training opportunities.

The ecological consequences of the sharing economy are unclear. In principle, it should be an advantage to satisfy the needs of many with fewer consumer goods and using fewer resources. However, this raises the question of what the money saved is spent on. If not owning a car leads to spending more on other energy-intensive goods, then the potential ecological benefit of the sharing economy is likely to tip in the opposite direction.

Finally, the sharing economy entails the danger that acts of kindness and friendship which have so far been provided voluntarily and free of charge in the community or family will be given a monetary value. Consequently, there is a risk that solidarity and willingness to help will give way to the pursuit of profit.

Expansion impacts the overall benefits

It is primarily well-informed and educated people with higher incomes who get involved in the sharing economy, as they are willing to take risks and have the trust and patience that is needed for this type of economy. Since its population has a relatively high level of education on average, the framework for a sharing economy in Switzerland is favourable. At most, the only factor that could stand in the way of sharing is the high purchasing power.

There is currently a large number of offers available in the sharing economy in Switzerland, several of which, however, only have regional reach. It is impossible to say whether they will be able to hold their own over a long period of time and withstand the competition of major international suppliers. What is foreseeable, however, is that if the sharing economy expands significantly in Switzerland, considerable economic advantages can be expected. The pressure of competition would cause resources to be used more efficiently, productivity to increase and innovative models to be developed. From a societal perspective, on the other hand, the risks are greater due to the casualisation of labour, insufficient data protection and gaps in social security funding.

If the platform economy finds less resonance in Switzerland than abroad, the advantages are more likely to be of a societal nature. In this case, the original idea of sharing among equals would remain largely untouched – the majority of providers would serve a limited area and concentrate on the Swiss market. The pressure of competition would stay low, established business models would not be seriously challenged and the loss of social security contributions or taxes would not be a great source of worry. From an economic point of view, however, Switzerland would lose the opportunity to develop new business ideas, which would have a negative impact on its innovation ability and its international competitiveness and thus probably also on its export performance. The Swiss market would also become less attractive for investors or new workers.

The sharing economy does not need a new legal framework

Personal data is an asset for the platform economy. The way in which this data is managed affects the level of confidence customers have in the new business models and thus also in the sharing economy. Regulations should not be aimed at individual applications, but at digitisation as a whole.

In the foreseeable future, the platform economy – and, as a component thereof, the sharing economy – is likely to have a decisive impact on the competitiveness of a country's economy at international level. To ensure that Switzerland can keep pace with this development, the introduction of regulations aimed at individual applications should be avoided. Rather, any need for action should always be reviewed against the backdrop of a global digital strategy.

Consistently applied, existing rules are sufficient

There is currently no need for new laws and guidelines in the sharing economy. The liberal structure of the Swiss labour law has so far proved to be sufficiently flexible to cope with newly emerging forms of

employment and effective instruments are already in place with regard to potential competition asymmetries or the challenges of data protection. However, in order to prevent and overcome any abuse of the platform economy, existing regulations must be applied consistently.

Vigilance towards market failures required

Digitisation is a prerequisite for the emergence of worldwide offers and globally operating players. Equally ambitious and complicated is the task of drafting and enforcing regulations that can also apply at international level. It is up to the applicable authorities, legislators and, last but not least, civil society to monitor ongoing developments in order to promptly identify where new rules need to be established. For example, the protection of consumer rights requires regular reviews in order to check whether new platforms will lead to as yet unknown market deficiencies and how they can be remedied.

Ensure that data is handled trustworthily

In order for the platform economy to flourish, it requires the trust of its customers. Only when they are sure that their data is managed with caution and transparency will they use the services offered on the platforms. For this reason, data transfer and deletion must also be regulated at international level. Legal measures, such as an easing on the onus for proof in determining breaches of data protection could also help to consolidate data protection and thus boost customer confidence.

Keep an eye on the labour market

The liberal Swiss labour law is sufficiently flexible to be applied also to the new forms of business activity. Nevertheless, it is important to remain vigilant towards possible abuses in the labour market – especially if the sharing economy should grow in importance, and lead to a casualisation of the workforce.

The social security law needs clarification

The labour market in Switzerland is also well positioned for unconventional and flexible forms of employment, and the sharing economy does not require specific regulations. However, the effects that an increasingly platform-based working environment has on the social security system must be continuously reviewed and any necessary amendments to social security legislation that may be detected must be assessed.

Prevent the formation of permanent monopolies

A country's economy depends on its competitiveness. It is therefore necessary to find ways of exploiting the economic potential of the sharing economy and, at the same time, prevent the danger of a small number of platforms gaining a dominant position and hindering competition between companies. As soon as permanent monopoly structures appear, antitrust and competition legal measures should be taken to counteract them. It will also be necessary to discuss how the boundaries of individual markets can be defined – especially those that depend on the data collected by the platforms. However, it cannot

be ruled out that the speed of technological change alone could lead to monopolies quickly becoming obsolete as a result of new competition.

Investigate environmental impacts

Whether the sharing economy contributes to fewer resources being consumed and thus to preserving the environment, or whether, on the contrary, the money saved by sharing encourages consumption in other areas and leads to increased pollution cannot be conclusively determined. So far, only a small number of studies on this subject have been carried out, which also only examine isolated aspects. The data collected on the platforms should be supplemented by surveys among suppliers and users in order to gain a better understanding of the environmental impact of the sharing economy.

Opposing views in the TA-SWISS Steering Committee

The question of whether the opportunities presented by the sharing economy in the TA-SWISS study are underestimated has been a major concern for the Steering Committee. Opinions were divided: some members would have welcomed an even more detailed examination of the risks of the sharing economy. These contradictory assessments ultimately confirmed the Steering Committee's conviction that the study in its present form is balanced and must be the starting point for a broad socio-political discussion.



Study «Sharing Economy – teilen statt besitzen»

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TA-SWISS – Foundation for Technology Assessment

New technology often leads to decisive improvements in the quality of our lives. At the same time, however, it involves new types of risks whose consequences are not always predictable. The Centre for Technology Assessment TA-SWISS examines the potential advantages and risks of new technological developments in the fields of life sciences and medicine, information society, nanotechnologies as well as mobility, energy and climate. The studies carried out by the Centre are aimed at the decision-making bodies in politics and the economy, as well as at the general public. In addition, TA-SWISS promotes the exchange of information and opinions between specialists in science, economics and politics and the public at large through participatory processes, e.g. PubliForums and publifocus. Studies conducted and commissioned by the Centre are aimed at providing objective, independent, and broad-based information on the advantages and risks of new technologies. To this purpose the studies are conducted in collaboration with groups comprised of experts in the relevant fields. The professional expertise of the supervisory groups covers a broad range of aspects of the issue under study.

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