



What managers should know about the sharing economy

Mohammad Reza Habibi^a, Alexander Davidson^b, Michel Laroche^{b,*}

^a *Mihaylo College of Business & Economics, California State University, Fullerton, 800 N. State College Blvd., Fullerton, CA 92831, U.S.A.*

^b *John Molson School of Business, Concordia University, 1455 de Maisonneuve Boulevard W., Montreal, QC H3G 1M8, Canada*

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Abstract The phrase ‘sharing economy’ has grown to become an umbrella term for a wide range of nonownership forms of consumption activities such as swapping, bartering, trading, renting, sharing, and exchanging. In spite of such a wide spectrum of behaviors, there is limited practical knowledge about how individual sharing economy practices should be managed. Building on a framework that categorizes sharing economy practices based on their detailed characteristics, this article provides extensive recommendations to managers and practitioners. The article argues that each practice is a hybrid of sharing and exchange, and provides several recommendations based on the nature of each practice’s offering.

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1. The paradox of sharing in a sharing economy

Zipcar, a car sharing company that brands itself as an alternative to the costly, consuming, and environmentally degrading industry of car ownership, is perhaps one of the prime symbols of what has grown to become the sharing economy (Bardhi & Eckhardt, 2012; Botsman & Rogers, 2010). Since its inception,

Zipcar has experienced an annual growth of 100%. It currently serves approximately 900,000 members with more than 10,000 vehicles in urban areas and colleges across countries such as the U.S., U.K., Canada, and Turkey (Zipcar, n.d.). It contrasts itself from established and traditional car rental agencies by matching many of the criteria of a sharing economy practice. Specifically, it offers consumption through pooled resources and social collaboration, and promotes community building while alleviating environmental concerns by offering car sharing as a more sustainable practice.

Ironically, consumers do not regard Zipcar as the alternative it claims to be. Research shows that Zipcar members neither look for community bonds

* Corresponding author

E-mail addresses: mhabibi@fullerton.edu (M.R. Habibi), alex.davidson@concordia.ca (A. Davidson), michel.laroche@concordia.ca (M. Laroche)

nor have the desire to share communal links with other members. Environmental and political concerns and socialization were also not among the priorities of consumers using Zipcar's services (Bardhi & Eckhardt, 2012). In short, Zipcar customers were solely interested in the accessibility offered by this 'sharing' practice. Moreover, cost savings are revealed to be the main motivation for consumers who joined sharing economy practices such as Zipcar (Lamberton & Rose, 2012). These findings indicate that either Zipcar's efforts in promoting the business as a sharing economy practice are not effective or consumers simply have difficulty perceiving it as a sharing alternative.

Since the boom of the sharing economy that followed the financial collapse of 2008, the necessity to reduce customer costs combined with technological advances created a synergy prompting firms and consumers to find creative ways to consume through pooling and sharing resources that would otherwise be left idle. As such, numerous practices coined under the umbrella term 'sharing' began to emerge. As of 2015, the sharing economy is worth about \$15 billion and it is estimated to grow to \$335 billion within 10 years (PricewaterhouseCoopers, 2015). Today, a large number of businesses operate by pooling many different kinds of resources such as time, skills, jewelry, and even wi-fi networks. Almost all of them build on the positive aspects of the sharing economy and aim to exploit consumer co-creation in order to create value for the firm as well as consumers (Belk, 2014). Despite their attempts to label themselves as sharing models, these enterprises vary widely as to the nature of their ability to offer a sharing alternative. Thus, it is important for managers and marketers to understand how and when a practice falling under the veil of the sharing economy should promote values, such as community building and social collaboration, and when it should focus on less sharing-related attributes.

This article provides a practical framework to answer these questions and helps resolve these inconsistencies. The framework provides a roadmap for what to do and what to avoid based on the specificities of each type of sharing economy practice. Our main argument is this: even though most practices are called sharing or are promoted as sharing, they have varying degrees of true sharing characteristics in their nature. Those with a low degree of sharing (pseudo-sharing) are more similar to exchange practices and should mainly follow the market norms of supply, demand, and efficiency. Those with a high degree of sharing, on the other hand, are better able to build on consumer co-creation and positive sharing values such as

communal links and socialization. Below we elaborate on the framework and provide detailed suggestions for managers.

2. Nonownership consumption: Is it really about sharing?

As the sharing economy continues to grow, many different market practices are trying to capitalize on the values intrinsically connected with the term sharing. Notably, a careful analysis of many of these practices leads to the conclusion that they are actually far from the concept of sharing. A more appropriate descriptor for them is what Belk (2014, p. 7) refers to as 'pseudo-sharing,' which he defines more specifically as a "phenomenon whereby commodity exchange and potential exploitation of consumer co-creators present themselves in the guise of sharing." Consider two sharing economy practices that assist passengers travelling short or long distances. The first, Kangaride, is a Canadian-based ridesharing network platform that pairs drivers with passengers and currently serves over 350,000 members (Vachon, 2016). Kangaride follows a peer-to-peer sharing model in which ordinary drivers share their extra seats while going on a trip. The Kangaride platform allows drivers to post information about their trips such as date and time, destination, and other relevant information, and then allows would-be passengers to read the information and request to share rides. Although the platform supervises the whole matchmaking process, the informal aspects of ridesharing can guide cooperative behavior and establish friendships among members. The second practice, the aforementioned Zipcar, acts directly as a third-party mediator between members who never come into contact with one another. Members share the vehicles but not at the same time and therefore lack any sense of community or collaboration with one another.

While both practices share similarities—such as the use of pooled resources and the use of online platforms to arrange payments, place reservations, and implement rating systems—they can reasonably be distinguished by the actual degree of sharing involved in the customer's experience. The Kangaride experience consists of communal bonding among members, with barely any profit-seeking motivation (i.e., drivers typically ask for compensation to pay for gas) and no explicit expectations of reciprocity. In contrast, Zipcar offers a private experience with selective pricing schemes and nonexistent interactions among members. It is worth asking if Zipcar should even fall under the sharing economy lexicon

when it better fits the category of practices that can be described as a “business relationship masquerading as communal sharing” (Belk, 2014, p.11).

This misuse of the sharing concept has resulted in confusion over semantics that can result in detrimental outcomes for managers and practitioners as they might misallocate firm resources (Habibi, Kim, & Laroche, 2016). For instance, Zipcar allocates many of its precious marketing resources to build a sharing community with the hope that the community will help sustain and grow the business. Zipcar sends newsletters with the aim of community building and hosts events to encourage members to get closer to each other, attempting to build some sort of culture and traditions that will provide consumers with a sense of common identity. All of these efforts require large marketing resources and, according to research and consumer statements, these efforts are not effective (Bardhi & Eckhardt, 2012). Community building efforts are perhaps strategic mistakes caused by trying to identify the business as a sharing practice rather than understanding it more as a collaborative service.

The term sharing has become so ubiquitous on social media websites and especially with services offered through the sharing economy that it has arguably lost its meaning (John, 2013). It is almost impossible to go online and not share something, whether it be a video, an image, or a random thought. The thin line between online presence and the act of sharing facilitates the blurring of services offered by different sharing economy practices. While this may seem trivial, distorted views of the various sharing economy practices can lead to detrimental outcomes for managers who promote themselves as anti-commerce sharing, but in reality are simply profit-seeking enterprises (Wittel, 2011).

Distinguishing pseudo-sharing from pure sharing tackles the problem of semantic confusion along the lines of profit motives, community bonds, and reciprocity expectations (Belk, 2014). This dichotomization falls short, however, of capturing all the varying differences between practices labeled under the sharing economy. A number of practices encompass traits of each category and should be recognized as a combination of both sharing and exchange systems. For example, Airbnb providers are concerned with profit motives while they simultaneously take advantage of the communal bonding aspects afforded to them when they offer their services. Both guests and providers engage with one another and, aside from financial compensation, other forms of reciprocation often emerge. To better differentiate sharing economy practices, Habibi et al. (2016) suggest a sharing-exchange

continuum that helps distinguish the degree to which actual sharing is being offered.

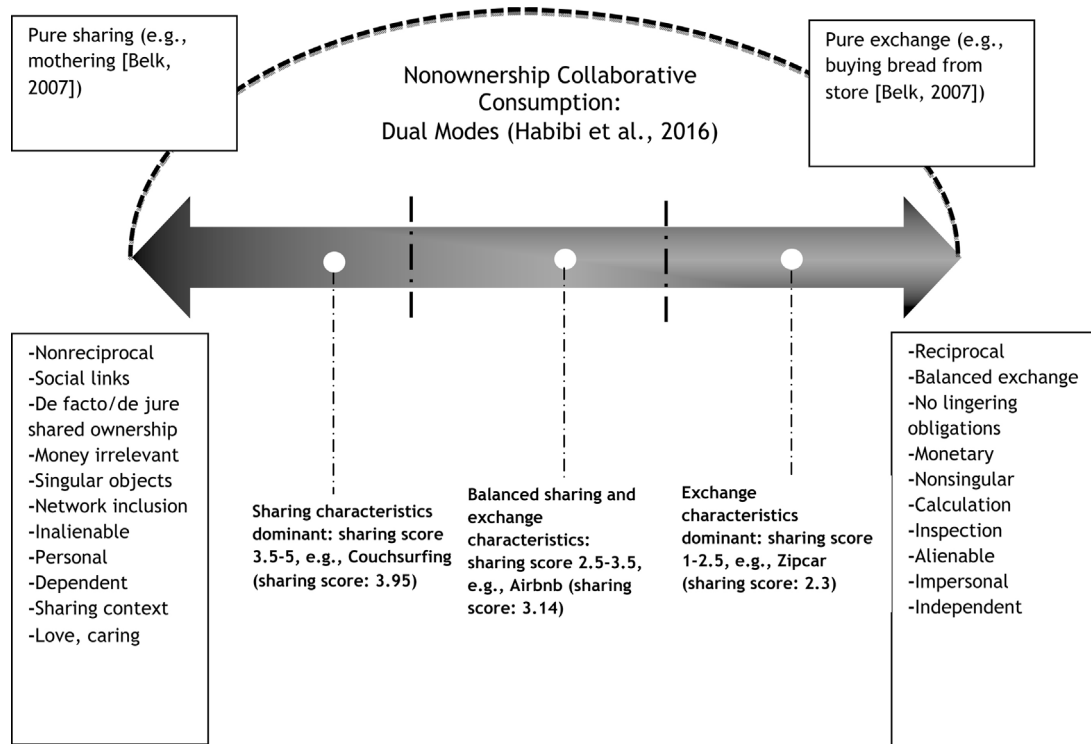
3. The sharing-exchange continuum

The sharing-exchange continuum was developed for the purpose of mapping any sharing economy practice in order to determine how much nonownership forms of consumption consist of sharing-related attributes (Figure 1). To implement the continuum, a practice is rated based on a number of sharing- and exchange-related characteristics extracted from Belk (2007, 2010), descriptions of which are provided in Table 1. A sharing score is then calculated, enabling practitioners to observe exactly where their practice falls on the continuum among other enterprises. Habibi et al. (2016) used these characteristics to measure the sharing scores of various practices on a five point Likert scale. That is, after reading a description of a nonownership consumption practice, a sample of participants rated each characteristic. A sharing score was then calculated by extracting the mean score for each practice.

Referring to the continuum and the table gives us a powerful tool to distinguish between sharing economy practices. For practical purposes, three categories are designated within the continuum (see Figure 1). Zipcar falls close to the exchange dominant side of the spectrum; it possesses more exchange-related attributes than sharing-related characteristics. Specifically, Zipcar is profit-oriented, does not produce social links or relationships, and requires the calculation of everything from mileage to prices. These are all main characteristics of exchange. On the other hand, there is some dependency among members when using the cars as they have to keep them in a good condition and bring them back in time for the next member. Hence, Zipcar does not exemplify a purely exchange-based service and this small degree of ‘sharing’ is what enables it to be classified as a part of the sharing economy. This analysis helps to clarify why Zipcar has not been effective in persuading its members that they are part of a real sharing community. On the other hand, Couchsurfing International, a free peer-to-peer hosting community, is located more toward the sharing dominant side of the continuum. Money is irrelevant in this community, expectations of reciprocation are minimal, members display communal bonding behaviors, and there is no calculation of exchanges.

Between the two ends of this continuum lie numerous sharing economy practices that simultaneously carry varying degrees of sharing and exchange characteristics. Those with a fairly

Figure 1. The sharing/exchange continuum^a with scores^b



^a Adapted from Belk (2007, 2010)

^b From Habibi et al. (2016)

Table 1. Characteristics of sharing versus exchange

Sharing	Exchange	Description
Nonreciprocal	Reciprocal	Reciprocation is not expected in sharing but it is an important element of exchange
Social bonds	No social bonds	Sharing creates some sort of social bonds but this is not necessarily the case in exchange
Joint ownership	No joint ownership	In sharing both parties feel responsible toward the object being used (feelings of joint ownership) but this is not the case in exchange
Money irrelevant	Money relevant	Sharing does not require transfer of money but exchange does
Dependent	Independent	Consumption through sharing depends on other people involved but exchange is independent
Similarity to real sharing	Similarity to exchange	
Social reproduction	Lack of social reproduction	Sharing produces social capital and links, exchange usually does not
Singular	Nonsingular	Objects are singular in sharing but not in exchange
Money not important	Money important	Money is important in exchange but there is a lack of money exchange in sharing
Lack of calculation	Calculation	Precise calculation is a property of exchange

balanced proportion of each can be referred to as dual-mode practices (Habibi et al., 2016). Airbnb is a good example of a dualistic practice as it contains mixed characteristics. It is profit-oriented but it also creates social bonds. It is reciprocal while at the same time dependent on members and their collaboration. It requires that providers and guests calculate their length of stay and their financial compensation, but it is not as rigid as other more exchange-based practices (e.g., Zipcar). Uber is also similar to Airbnb even though it is in a different industry, specifically, transportation. Using Uber, ordinary drivers provide a ride to passengers through the Uber app and in return receive a monetary compensation. The whole process of passengers finding and paying for a ride is done through the app. Uber also ensures the security of the passengers by checking the background of the drivers. Although monetary exchange is salient and interactions are short, Uber has some characteristics of sharing as it requires peers to pool and share resources and facilitates social interactions among drivers and passengers. Also, each car and driver is unique, which makes for a unique experience for the passenger. Uniqueness is a characteristic of sharing rather than exchange practices (Belk, 2010).

Airbnb, Uber, and similar practices strengthen the argument that dichotomization of the sharing economy into pseudo-sharing and sharing is incomplete as many practices are dualistic in nature and do not completely fall on either side of the continuum. The sharing-exchange continuum clearly helps practitioners and researchers capture the true nature of each specific practice within the sharing economy domain. Current research, however, is limited in regards to use of the continuum in providing relevant and practical advice for managers. In this article, we provide some advice that can

prevent common mistakes, hopefully acting as a suitable guide for practitioners and scholars interested in better conceptualizing the sharing economy.

4. What to do? Implementing the sharing-exchange continuum

The main use of the sharing-exchange continuum is to measure where a business model falls and then to adjust strategies and propositions accordingly. This can be accomplished by calculating the sharing score as described above (for more details see Habibi et al., 2016). Note that most practices are dualistic. That is, they carry characteristics of both sharing and exchange at the same time but to different degrees. The sharing score helps identify the location of the business model on the continuum. Below we provide separate managerial recommendations for practices falling into one of the three sections on the continuum as shown in Table 2 and illustrated in Figure 1.

4.1. Recommendations for practices close to the sharing side

If your practice falls closer to the sharing side of the continuum (sharing score approximately between 3.5 and 5), the characteristics of the service you offer encompass greater sharing-related attributes similar to Couchsurfing, which has a sharing score of 3.95/5 (Habibi et al., 2016). In this context, not only is the usage of the term 'sharing' legitimate but members also feel that they are in a real sharing environment. Practices that fall in this range should endeavor to promote the sharing-related attributes that distinguish them from more traditional exchange-based services. This context is ideal for

Table 2. Summary of recommendations to managers in the sharing economy

	If you fall toward the sharing side	If you fall in-between	If you fall toward the exchange side
Sharing score*	3.5 – 5 'Sharing-practice'	2.5 – 3.5 'Dual-mode practice'	1 – 2.5 'Pseudo-sharing practice'
Recommendation 1	Do not stop community growth	Encourage community building	Deprioritize community building
Recommendation 2	Emphasize socialization	Improve efficiency and utilitarian value	Emphasize efficiency and utilitarian benefits
Recommendation 3	Emphasize sustainability	Emphasize anti-industry motivations	Do not focus on sustainability and political concerns
Recommendation 4	Avoid calculations and references to money	Minimize the degree of calculations	Emphasize calculated benefits

Note: These numbers are approximate; there are no definitive boundaries distinguishing these practices (see Belk, 2010, for more details on prototype-based definitions).

building and developing a community. In this section, we provide more details on our recommendations.

4.1.1. Do not stop community growth

Managers should be careful not to engage in business activities that inhibit the community from growing and instead should largely focus their efforts on strengthening bonds among members. Specifically, they should avoid strategies that distinctly monetize their services or change the peer-to-peer nature of the practice. Monetizing services can damage the legitimacy of a nonreciprocal relationship, which in turn weakens the sense of community. Couchsurfing made this mistake when in 2010 it began charging providers as well as guests a verification fee and, as a result, many devoted members with strong and established community bonds reacted negatively (Belk, 2014). Sharing-based practices should withdraw as third-party mediators and decrease their level of intrusion so that communities grow organically, therefore enabling members to create authentic social bonds and connections (Belk, 2010). It should be noted that since the majority of community building occurs online and on social media, the unique aspects of such communities should be carefully considered (Habibi, Laroche, & Richard, 2014a).

4.1.2. Emphasize socialization

Practices falling closer to the sharing side of the continuum can be attractive to consumers for many reasons but inherent to most is the experience they offer. Peer-to-peer sharing (e.g., couch surfing, clothes lending) involves an experience with a large social component. Research indicates that experiential consumption is inherently more social than material consumption, resulting in greater affective value (e.g., Nicolao, Irwin, & Goodman, 2009; Van Boven, 2005; Van Boven & Gilovich, 2003). Sharing engenders positive emotions because it makes people feel like they are doing a good deed (Hellwig, Morhart, Girardin, & Hauser, 2015). Members participating in sharing practices are likely to expect a large degree of socialization. Furthermore, they expect to derive happiness from this socialization and communal bonding. Positive social experiences would further motivate consumers to engage in additional experiences as they seek to further consume this 'conceptual commodity' (Ariely & Norton, 2009). Through indirect involvement, managers can facilitate the ways members convene as demonstrated by the Couchsurfing platform, which allows members to create events and invite both locals and travelers so that they can meet and socialize.

4.1.3. Emphasize sustainability

Practices possessing sharing-related attributes are perceived as part of a cluster of businesses that promote ethical standards and advocate politically correct consumption behaviors. Consumers who consider participating in sharing practices likely demonstrate and engage in pro-recycling behavior, energy-saving habits, organic product shopping, and promotion of local businesses (Hellwig et al., 2015). Participants of sharing-based practices are known to reveal strong intentions for sustainable consumption (Bardhi & Eckhardt, 2012). Sharing and sustainable consumption are inseparable objectives for such types of members, which indicates that these aspects should go hand-in-hand when promoting a practice's offerings. Managers should emphasize the environmental benefits being offered by the practice as well as the contribution each member is likely to make toward sustainable outcomes if they choose to participate.

4.1.4. Avoid calculations and references to money

One of the characteristics of sharing is the lack of calculation of the product and/or services being exchanged. That is, participants do not record transactions or directly calculate what is given and what is received. After participation, if members feel indebted to one another, they are likely to continue the act of sharing (Belk, 2010). Although Couchsurfing suggests that guests prepare a meal or bring small gifts for their hosts, it does not keep a record of transactions or calculate exchanges. While managers may feel that member participation is motivated by opportunities to reduce costs and save money, there is no indication that this is the case. Actually, the degree to which an individual is generous indicates a greater likelihood that they will participate in sharing activities. Moreover, the goal of saving money is an extrinsic motivation that has little or no bearing on the consumer's desire to share (Hellwig et al., 2015). For sharing practices with few or no expenses, managers are advised not to promote the parsimonious aspects of their offering but rather to emphasize the communal and ethical facets in order to attract more members.

4.2. Recommendations for practices close to the exchange side

Exchange characteristics are in many cases just the opposite of sharing characteristics. Practices with low sharing scores (approximately between 1 and 2.5) strongly exhibit exchange characteristics such as balanced transactions, the importance of money, and the lack of social and communal bonds.

Regardless of whether or not such practices are labeled under the guise of sharing, consumers are likely to expect more formal business transactions unlike the nonreciprocal, community building aspects of those that are more sharing-based. Here, traditional service values and service marketing (Fine, 2008)—such as quality and satisfying consumer needs in an efficient way—matter the most. For example, Zipcar, with a sharing score of 2.32/5 (Habibi et al., 2016), benefits more when they focus on service quality than on community building. Similarly, more exchange-based practices should avoid associations with the concept of sharing as research shows that this can lead to detrimental outcomes since consumers are aware that they are not practicing real sharing (Chen, 2009). In this section we provide more detailed managerial recommendations.

4.2.1. Deprioritize community building

Zipcar is an example of an exchange-oriented sharing economy practice that has tried to engage in community building among its members but has not succeeded. Although the company invested greatly in trying to build a brand community, its members are generally not interested in this type of engagement (Bardhi & Eckhardt, 2012). This is primarily because Zipcar users do not feel a sense of attachment or identification with the car. Its value is ephemeral and once the service transaction is completed there are no feelings or desires to maintain or build communal bonding with other members. Notably, Zipcar was unsuccessful when it encouraged its drivers to wave as they pass each other on the road, demonstrating that members are not socially motivated to use its services.

4.2.2. Emphasize efficiency and utilitarian benefits

At the core of an exchange-based practice's offering is the solution it is providing to its customers and the job it gets done for them. Specifically, consumers are seeking access to a product or service as efficiently as possible. In this context, customers calculate what they receive and their goal is to gain more utility in satisfying their needs. Improved satisfaction is achieved through convenience, efficiency, and, most importantly, access. It would be more efficient for firms such as Zipcar to spend their resources contributing to their efficiency and the values consumers receive from the service instead of focusing their efforts on non-exchange-related aspects such as socialization. By focusing on what consumers would like to achieve and furthering service innovation, firms can also develop improved solutions to expand the

value consumers receive (Bettencourt, Brown, & Sirianni, 2013).

4.2.3. Do not focus on sustainability and political concerns

For Zipcar, attempts to focus on the environmentally friendly aspects of the practice failed to obtain positive reactions from consumers. Customers who do not seek sharing-related attributes such as communal bonding or socialization are also not likely to be concerned with a practice's efforts towards sustainability or political orientation (Sheth, Sethia, & Srinivas, 2011). Research shows that emphasizing such concerns has limited value for consumers in this context (e.g., Bardhi & Eckhardt, 2012; Lamberton & Rose, 2012). Managers should not attempt to improve the benefits of their practice through sustainability or socially responsible efforts, but instead maintain their focus on the efficiency and utilitarian benefits of their offering.

4.2.4. Emphasize the calculated benefits

In exchange-oriented contexts, the selection process for most customers is guided by the core value they receive from the offering. They would switch over to another competitor who offers better value for the money and other cost saving benefits (e.g., the time they have to spend to get the service, the amount of effort they have to exert to be part of the program). To enrich customer participation, managers should emphasize tangible values that customers receive as well as the cost efficiency of involvement in their particular practice. As such, for more exchange-based practices, managers should promote the parsimonious aspects of their offering as opposed to emphasizing those that are more communal and ethical.

4.3. Recommendations for dual-mode practices

In the mid-range of the sharing-exchange continuum (sharing score approximately between 2.5 and 3.5), characteristics of each side can carry significant weight in the minds of consumers. While managers may feel this gives them freedom to promote both the sharing- and exchange-related components of the service, it is argued that such efforts should be carefully scrutinized. For example, Airbnb, a practice falling in this range with a sharing score of 3.14/5 (Habibi et al., 2016), acts as a third-party mediator by charging guests and paying their hosts but it still offers services with strong sharing-related attributes. Among Airbnb members, there is a sense of community, and social connections are often created and continue over time. It

is not unusual for hosts to generate a friendly atmosphere and engage with their guests in and outside of their residence. In this section we recommend managers develop strategies that cater to both the sharing and exchange aspects of the dual-mode practice.

4.3.1. Encourage community building

A strong sense of community is likely to encourage member participation as dual-mode practices still counter traditional business models. An emphasis on community building may not yield results as strong as those with more sharing-related practices, but it can foster the pro-social benefits of participation that many members seek to obtain. Can the Airbnb community emulate the connectivity of the Couchsurfing community? Not likely. But Airbnb certainly encompasses greater social bonding in comparison to more exchange-related practices such as Zipcar. For dual-mode practices, an emphasis on community building is likely to be effective as it will create more value for customers seeking not only a solution to their need but also an experience attached to it. A strong community will increase consumers' trust and loyalty (Habibi, Laroche, & Richard, 2014b).

4.3.2. Improve efficiency and utilitarian values

While customers are likely to be receptive toward aspects of socialization, such as getting to know and even becoming friends with providers of the service, their main consumption goal is the actual product or service being offered and not the experiential aspects such as social bonding. If the main purpose of consumption is satisfied, the sharing-related attributes of the practice will likely be more readily adopted and can be employed to create additional value for customers. Therefore, it is important to prioritize making the practice efficient and improving the utilitarian value consumers receive before allocating resources toward socialization.

4.3.3. Minimize the degree of calculations

It is interesting to realize that although dual-mode practices are centered around calculations similar to exchange practices, there should be an emphasis on keeping calculations unbalanced. As opposed to stricter sharing practices, customers will expect traditional forms of financial compensation and reciprocation. More importantly, the third-party mediators are expected to facilitate these transactions without substantial involvement. For example, Airbnb will facilitate the exchange of payments between guests and hosts, but is not directly involved in how the calculations are derived. Also,

Airbnb encourages guests and hosts to keep the transactions unbalanced by way of gift giving or helpful acts such as providing guidance and socialization. Calculations with the goal of extracting maximum consumer surplus are common from corporations when exchanging with consumers, a behavior against sharing values (Grover & Ramanlal, 1999).

4.3.4. Emphasize anti-industry motivations

Uber provides an example of a dual-mode practice that competes directly with a traditional business model (i.e., taxis). As a result, Uber passengers are known to reveal some anti-industry motivations when participating (Habibi et al., 2016). For other practices in this context, managers should properly distinguish their offering from traditional business models which can be accomplished by avoiding playing a large role in the exchange of transactions. Marketing communications should be guided by demonstrating that the practice provides an alternative to traditional industries and therefore participation is detrimental to traditional competitors.

5. Conclusion

Due to the burgeoning success of the sharing economy, nonownership forms of consumption have strongly increased. There persists a confusion that leads managers and academics to misuse the term 'sharing' and label all business models within the sharing economy as pure sharing practices. Based on recent research, this article argues that managers should be careful about promoting and assimilating sharing-related attributes as their practice may not be construed in the same manner as those that can be defined more strictly as sharing. Managerial actions should be congruent with the nature of the practice being managed. For instance, community building initiatives, which require significant time and resource investments, are less likely to be effective in business models that are less similar to sharing and exhibit more exchange characteristics.

In order to best determine how to position a particular practice, and hence determine its nature, it is suggested that managers first calculate a sharing score in order to define where the practice falls on the sharing-exchange continuum. To do so, as explained earlier, a set of sharing and exchange characteristics outlined by Belk (2010) should be evaluated and the average score of those characteristics should be used as the sharing score. Based on where the practice falls, managers should strongly consider the recommendations highlighted in this article based on four attributes: community

building, socialization versus utilitarian benefits, sustainability efforts and political concerns, and the emphasis on transactions, calculations, and the exchange of money.

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