

Sharing economy: A double-edged sword?

Sharing things is considered to be a more sustainable way of life. However, new research by ING finds that shared products are often quickly disposed, replaced or re-sold. The sharing economy might not be so sustainable after all



Bicycles belonging to bike sharing app in Hong Kong

Source: Shutterstock

Sharing isn't only financially attractive, it is also considered to be environmentally friendly. With more sharing, fewer products are needed to service the same number of people and demand for production inputs is reduced.

Consumers are sharing products more and more. Both through business platforms, think cars through Zipcar and homes via Airbnb, and at an individual level, think a lawnmower shared between neighbours.

The dark-side to sharing

There are many [perks of sharing](#) and sustainability is considered to be a big factor. But is it really?

[New ING research suggests](#) the sustainable impact of sharing products at the individual level will be less than anticipated. This is because owners of shared products are likely to throw away or replace them faster.

There are many types of sharing arrangements that differ to each other and the traditional form of sole ownership. Shared single ownership is where one person owns an item and lets others use it, while joint shared ownership involves many people each owning a portion of the item, with all partial owners having access to use it.

In both arrangements, the study finds owners are likely to throw away or replace a shared item earlier than one that is individually owned and used.

[Check out the detailed study in The Behavioral Economics Guide 2020](#)

Why do we throw away shared items more easily?

When items are shared with others, they are perceived differently.

Owners can start to view them as dirty and 'contaminated'. An item even need [not be physically altered](#) for an owner to develop this sense of product contamination. This difference in perception, due to the fact an item is shared instead of privately owned, leads owners to treat their possession differently. It makes them more willing to throw away or dispose of the item.

Interestingly, this outcome is evoked by shared usage and not by the fact that for some sharing arrangements people share ownership as well as use. The intention of an owner to throw away or replace an item faster is similar across different sharing arrangements. This can be explained by the sense of possession attachment that owners develop both when the item is solely or jointly owned. Owners are attached to and identify with a possession, even if they [own only a portion](#) of it. As a consequence, the decision to throw away or replace a shared item faster is not changed when it is partially owned.

Although the sustainable nature of sharing attracts many consumers, this ING research identifies flow-on effects of sharing that suggest the sharing economy may not be as environmentally friendly as anticipated. It seems that the reduction in environmental impact may be smaller than expected. When products are shared, they are considered to be more 'contaminated', which drives decisions to throw them away or replace them earlier than items used and owned by only one person. These decisions may also increase people's spending as when items are thrown away earlier, they need to be replaced more often.

Is the sharing economy doomed?

Not necessarily. Awareness amongst consumers could potentially help counter unsustainable decisions regarding shared items.

Informing them about their biased decisions might have them rethink the value of a shared good. Also, when it comes to the development of sustainable sharing-based initiatives, the findings should not be overlooked. It could be that some products are better to share than others. For example, products with clear objective indicators of obsolescence might cancel out the influence of the subjective perception of contamination. This could hint towards the development of an objective system that communicates usage and deterioration. Nonetheless, new research is needed to understand how such objective cues to contamination are perceived.

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