

The UK's Enduring Sharing Economy



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Introduction

The sharing economy allows people to unlock the value of assets, connect with local communities, and to increase productivity by enabling the trade of space, skills, and their stuff. The UK's sharing economy enables its participants to make sustainable choices. This has immense value to the economy as we build back better, with experts expecting the UK's sharing economy to grow to an estimated £140 billion in 2025.¹ But despite its potential and resilience, the sharing economy needs specific support from government to reignite.

The unprecedented Coronavirus crisis has profoundly impacted the sector and those who rely on it. Two lockdowns, social distancing measures and travel restrictions put many sharing services on hold, but the industry's digital heart keeps beating as we look to the future of a post-pandemic economy. These sharing services allow for more sustainable choices whilst also increasing the sense of community and allows for productivity through the flexibility it provides.

The pandemic shows the sharing economy is now a vital part of the UK's economy, it enabled people to step up, share resources and meet urgent needs. Our previous report [‘The Sharing Economy is Dead, Long Live the Sharing Economy’](#) showcased how businesses in the sector adapted and innovated during spring/summer 2020 to operate safely and back their communities. Our members put their customer's concerns and interests at the heart of their decision making during the difficult first lockdown period. Right across the country we witnessed the outpouring of help for local keyworkers and the NHS, with the sharing economy playing an important role in facilitating the support and keeping essential services running.

The pandemic changed things for the sharing economy

Coronavirus caused an industry that is powered by technology but reliant on human to human connections to force a rethink about how it is run. This has ultimately resulted in positive changes to the way the sharing economy operates, with more focus on health and safety standards and personal hygiene measures that help protect everyone and improve the long-term sustainability for all.

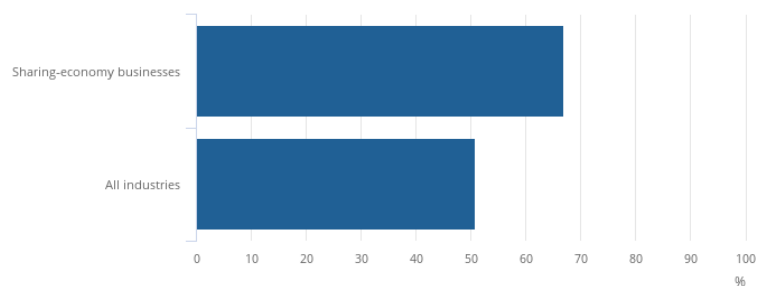
¹ https://pwc.blogs.com/press_room/2016/06/uks-key-sharing-economy-sectors-could-deliver-140-billion-by-2025.html

Many sectors reported a drop in demand during the Coronavirus onslaught, and a recent ONS study² showed that two thirds of sharing economy businesses reported a decrease in turnover compared to normal expectations for the time of year (see figure 1). Reasons quoted were travel restrictions, reduced demand and social distancing measures. This study included a small number of responses and should not be interpreted as fully representative of the sector, but it can provide us with a picture of the sharing economy.

As the first lockdown started to ease in May, sharing economy transactions increased with people who had been at home indoors for months suddenly keen to explore their newfound freedom. Families visited the countryside with peer-to-peer car rental, “working from home” became the norm which added to the demand for people sharing their skills. Home renovations and household help became a priority, and UK ‘staycations’ experienced a mini boom as domestic travel restrictions were lifted but international air bridges remained closed. We expect to see a similar trajectory as the UK emerges out of its third lockdown.

Figure 1: Two-thirds of responses from sharing-economy businesses reported a decrease in turnover compared to normal expectations for the time of year

Effect on turnover, businesses that are currently trading, UK, 27 July to 9 August 2020



Source: Office for National Statistics – Business Impact of Coronavirus (COVID-19) Survey (BICS) Wave 11

Figure 1

² Please note that, in relation to the ONS study that ‘The findings presented in this article are based on a small number of responses and therefore cannot be considered as representative of the sharing economy as a whole. However, they give us a picture that can be further developed with future research.’

<https://www.ons.gov.uk/economy/economicoutputandproductivity/output/articles/thefeasibilityofmeasuringthesharingeconomy/october2020progressupdate>

The sharing economy is a model of resilience for the recovery from coronavirus

The sharing economy has had to go through significant changes to remain relevant in a coronavirus reality. In our June [report](#), we analysed the decline in demand for sharing economy products as a result of lockdown and hygiene concerns about in-person sharing. We assessed that the companies that relied on face-to-face contact in events, travel and tourism were the worst hit with companies reporting a 50 - 100% drop in revenue and demand compared with pre-lockdown levels. Since June, after the partial lifting of the first lockdown, this had an immediate positive effect on demand levels.

Ali Clabburn, CEO at [Liftshare](#) which is a lift sharing platform that allows individuals and employers to curb CO₂ emissions by sharing lifts with others, reported that the monthly number of new members joining their public network fell from 5,000 in January to just 500 in April but was recovering every month since, with over 2,000 new members in September. Car travel is back up to more than 80% of pre-Covid levels. Sharing levels are also recovering but much more steadily.

Members added and removed

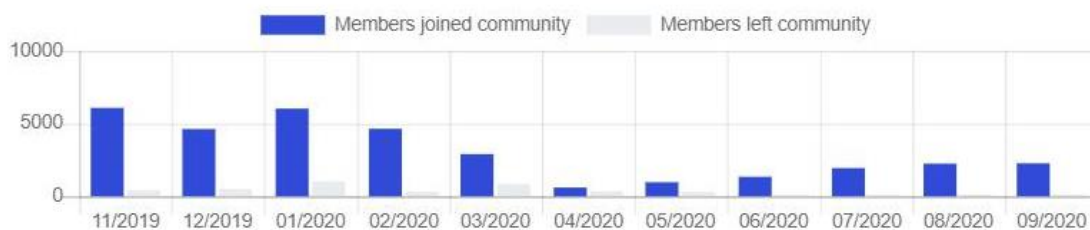


Figure 2: Graph showing Liftshare's members joining and leaving

The resilience of the sharing economy businesses can be shown by their ability to recover from the setbacks of coronavirus, as evidenced by Liftshare. Other businesses made changes to their business in order to support communities during the pandemic. One Sharing Economy UK car sharing member, [Turo](#), reported 250% YoY growth this summer as Brits sought a safe and reliable alternative to public transport as well as the rise of the 'staycation'. They also grew their team to keep up with demand. To help users feel safe and secure on their Turo trip, their [cleaning and disinfection policy](#) was updated to require hosts to disinfect their car before every trip. Hosts can be fined if guests prove their booked car is unclean and unsanitised at pickup. If this happens, guests can have their cancellation fee waived and are booked into another car. Turo ensured hosts were empowered to disinfect their vehicle through an in app cleaning module, guides, webinars as well as a partnership with [Dropless](#), a mobile cleaning company, to provide hosts with access to affordable, on-demand vehicle sanitisation services.

Nearly a year on, the sharing economy is more focused than ever on building great communities

The extraordinary months that followed the start of the Coronavirus lockdown in March gave the sharing economy time to reflect on its purpose. In some businesses, the physical and thinking space created by the restrictions provided vital time to realise how to reach their true potential. The sharing economy has long been valuable creators and contributors of social impact in local communities. Innovation happened at pace as platforms brought new ideas and services to meet customer and societal needs.

Airbnb, a Sharing Economy UK member, launched **Field Trips** this September 2020 which is a special collection of immersive new online experiences to support after-school learning aimed at children and parents who are missing out on extracurricular activities³. This service was specifically developed to target parent worries around damaging career prospects, lack of stimulation and social development in the absence of structured educational settings caused by Coronavirus. UK parents revealed that over a third have had their children's after-school activities shut down (35%), and one in five expected fewer activities because of the pandemic (21%)⁴. The Airbnb Online Experiences are helping families learn from anywhere, with over 75 extracurricular kid-friendly adventures available hosted globally from over 20 countries around the world.

TaskRabbit, a skills Sharing Economy UK member, rebounded from the pandemic as restrictions softened to experience pre-Covid levels in June as there was demand for Taskers who could help revitalise homes. They introduced PPE reimbursement to their Taskers to ensure that they had the equipment they needed to be and feel safe whilst carrying out tasks. They also protected them by ensuring there were no penalties for cancelled tasks due to Coronavirus concerns. Throughout the crises, Taskers have been supporting their neighbours by delivering essential items such as food and medicine, and sometimes offering services for free through TaskRabbit's volunteer programme which has seen Taskers deliver food to those in isolation, or run errands for those unable to leave home. TaskRabbit is providing valuable support to communities coping during the pandemic and was born to help neighbours support neighbours which is now more relevant than ever.

Businesses are struggling to meet the demands for a sustainable future. The sharing economy has proven that it can be possible now.

Businesses are now under public scrutiny to deliver a Net Zero future by 2050. Companies have started major campaigns to make this a reality with some businesses

³ <https://news.airbnb.com/en-uk/airbnb-launches-new-online-experiences-to-support-after-school-learning/>

⁴ <https://news.airbnb.com/en-uk/airbnb-launches-new-online-experiences-to-support-after-school-learning/>

aiming to make it a reality by 2030. Sharing economy businesses are innovating and on track for achieving this target in the coming years.

Companies like [HURR](#) and [By Rotation](#) have adopted a sharing economy approach to addressing the issues of the fashion industry. The fashion industry is reported to be responsible for 10% of annual global carbon emissions.⁵ HURR have done this by partnering with RePack and Oxwash to provide reusable packaging and space-age dry cleaning. HURR also launched an [Environmental Savings Calculator](#) in partnership with CoGo, allowing customers to track their CO_{2e} savings.⁶ Victoria Prew, CEO & Co-Founder of HURR said, "Whilst 2020 has been a turbulent year for many retailers, the UK's leading department store, Selfridges, launching their first ever fashion rental collection through HURR is perhaps the biggest "vote" for the sharing economy and the rental revolution yet. Rental is becoming a long-term business objective and offers the chance to engage a new audience who continue to prize access over ownership".

By Rotation have also put sustainability at the heart of their business model which has helped it succeed. They report +160% user acquisition and +140% listing growth since the first lockdown. Part of their mission is to make "sustainable fashion more accessible, prolonging the life cycle of quality items already in circulation and avoiding the £140 million worth of textile waste that goes to landfill every year."⁷ They make measuring the environmental impact of renting available to users by using an in app impact scale as well as being awarded the Eco-Age Brandmark. Eshita Kabra-Davies, Founder of By Rotation and Board Member of Sharing Economy UK has said, "By Rotation's core values are community and sustainability, brought to life by our focus on technology. Two topics that have been front and centre of conversations around the future of the fashion industry post pandemic. Our growth is largely due to our app being a social network for fashion rental, where people connect with each other giving them a real sense of community and connection in a time where that is hard to come by, if not through digital platforms."

[Mobilityways](#) was recently founded by [Liftshare's](#) CEO Ali Clabburn to help organisations make zero carbon commuting a reality, given commuting accounts for 5% of all emissions. Ali notes that "If we are to hit a net zero future, we need to get zero carbon commuting a reality for everyone by 2040, and for many of us by 2030." Liftshare is helping cut carbon emissions as carpooling on the commute has the potential to save 7MtCO₂/year. They also recently launched 'ACEL' a free online benchmarking tool to help companies calculate, benchmark and reduce their average commuter emissions level.

In the hospitality sector, [Airbnb](#) has been a leader in sustainability by attracting users who enjoy the environmental benefits of staying in an Airbnb as opposed to hotels. The environmental impact of staying at a listing on Airbnb¹ compared to staying in big

⁵ <https://www.worldbank.org/en/news/feature/2019/09/23/costo-moda-medio-ambiente>

⁶ <https://www.hurrcollective.com/sustainability>

⁷ <https://www.byrotation.com/sustainability>

chain hotels is significantly lower. Over a year long period, UK guests staying with hosts in Airbnb listings, rather than big chain hotels, **reduced greenhouse gas emissions by the equivalent of 297,000 cars, and reduced waste by 14,800 tons.** Sustainability is a contributing factor in many Airbnb guests' decision-making process and two-thirds of guests travelling in the UK last year chose Airbnb because they value environmental sustainability⁸.

By building sustainability at the core of their business models, the sharing economy not only appeals to growing consumer demand for environmentally friendly products and services but has also aided growth. According to Business Insider, “a [2019 survey led by Hotwire](#) found that 47% of internet users worldwide had ditched products and services from a brand that violated their personal values. Protecting the environment topped that list.”⁹

There is a range of support currently available, but more needs to be done for everyday entrepreneurs

The current support available is welcomed by sharing economy businesses

Government have implemented a variety of [funding and support](#) options for businesses and individuals¹⁰ including financial support for wages in the form of the Coronavirus Job Retention Scheme and the announcement of the Job Support Scheme starting 1 November. The [ONS](#) found that there was little difference in the number of sharing economy companies being able to access government schemes when compared to businesses overall. Additionally, “All of the sharing-economy businesses responding that had applied for the Coronavirus Job Retention Scheme or government-backed accredited loans or finance said that they had received them.”

Whilst the government has announced a range of welcome measures and reliefs for businesses, many people participating in the sharing economy may not be eligible to claim them.

But more specific support is needed to build back better

Now is the time to increase the ‘Sharing Economy Tax Breaks¹¹’ to fuel Britain’s economic recovery and support Generation Covid

Sharing economy businesses are particularly innovative in nature and their digital technology brings agility in crisis. However, they and the millions of micro-

⁸ <https://www.airbnbucitizen.com/wp-content/uploads/2017/03/Airbnbandsustainabletravel2017.pdf>

⁹ <https://www.businessinsider.com/sustainability-as-a-value-is-changing-how-consumers-shop?r=US&IR=T>

¹⁰ <https://www.gov.uk/government/collections/financial-support-for-businesses-during-coronavirus-covid-19>

¹¹ <https://www.gov.uk/guidance/tax-free-allowances-on-property-and-trading-income>

entrepreneurs who use them need more targeted help to weather the pandemic. It continues to be a challenging time for society with economic uncertainty in 2021 and rising unemployment, which is why we are pressing for specific policy intervention to support individuals who are sharing to supplement their household income.

Unemployment numbers have been rising sharply as Coronavirus continues to hit the economy, with young people one of the hardest-hit groups. Recent BBC research found that people aged 16-25 were more than twice as likely as older workers to have lost their job, while six in 10 saw their earnings fall¹². On top of that, new jobs have been more difficult to come by, with competition increasing and fewer roles available. But academic research shows that young people are heavy users of the sharing economy, with over 70% of 18-34 age group having used sharing economy platforms at least once¹³.

To revive this Covid generation and with the predicted long-term shift to online consumption, now is the opportune time to boost UK consumers and their incomes by bolstering their tax breaks. Sharing Economy UK successfully championed the introduction of these world first allowances legislated in 2017. If Government raises the tax-free amount for individuals participating in the sharing economy from £1,000 to £5,000 per year it will fuel economic recovery, help rebuild Britain and make sharing simpler. An increase in the allowances will also encourage more sharing, make it easier for individuals to meet their income tax obligations whilst supporting the government's objective to simplify the tax system.

Long term changes to help the sharing economy thrive

In addition to our main policy ask about raising the 'sharing economy tax breaks' there are other areas where the government should focus to help increase sustainability, productivity and support communities in the wake of the Coronavirus crisis whilst making the UK the sharing economy's home.

Further investment in digital connectivity across the UK must be a priority along with digital skills training and access to affordable providers. Technology has been crucial in connecting people and allowed us to be productive during the Coronavirus crisis. Yet many people in the UK still do not have access to the good broadband connectivity, or the digital skills they need to make the most of it. We must not allow affordability, education or geography to be a barrier to getting online.

Infrastructure and investment to reduce carbon emissions. Improved infrastructure and further investment to support car sharing businesses would help avoid a short-term increase in road traffic as people avoid public transport and ultimately help reduce the amount of cars on the road in the future. Government should

¹² <https://www.bbc.co.uk/news/uk-54662485>

¹³ <https://www.wbs.ac.uk/news/uk-sharing-economy-usage-rises-by-60-per-cent/>

consider following France¹⁴ and US's¹⁵ lead in incentivising behaviour to improve air quality and reduce emissions by considering UK tax breaks for employees commuting sustainably.

New policies to promote flexible working - social distancing measures have led to a short-term uptick in flexible working, but this could be good for society in the longer-term too, supporting economic productivity, working families and reducing the need to travel, which could help the UK achieve the net zero target. A suggested policy to consider is to guarantee employees the flexibility of a part time role following maternity or paternity leave to help balance career development and family life.

Open up greener transport options for all – local authorities should be encouraged to explore the viability of collaborative transport options and be provided with funding for them to do this. Regulation approaches should enable local areas to benefit from innovation for greener and more flexible travel options that work for everyone in the community.

Support for sharing economy businesses that reduce waste - from a reduction in VAT for rental services and those selling second hand products to dedicated funding for businesses that prove they reduce waste, innovative circular and sharing economy businesses helping the UK to achieve net zero should be encouraged, incentivised and rewarded.

Featured members:



¹⁴ <https://news.bloombergtax.com/daily-tax-report-international/france-mof-updates-guidance-on-tax-incentives-for-contributions-to-employee-commuting-expenses-1>

¹⁵ https://en.wikipedia.org/wiki/Employer_transportation_benefits_in_the_United_States

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