

The Travel Convention

Power to the People
David Trunkfield

October 2015

What do we mean by the sharing economy?



“The sharing economy involves using internet technologies to connect distributed groups of people and organisations to make better use of goods, skills, services, capital and spaces, sharing access and so reducing the need for ownership.”

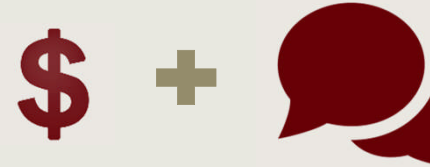
Sharing Economy UK (SEUK) definition

Four main pillars distinguish it from other forms of business

Digital Platforms that connect spare capacity and demand



More collaborative and trust-based forms of consumption



Transactions that offer **access over ownership**



Branded experiences that drive consumption

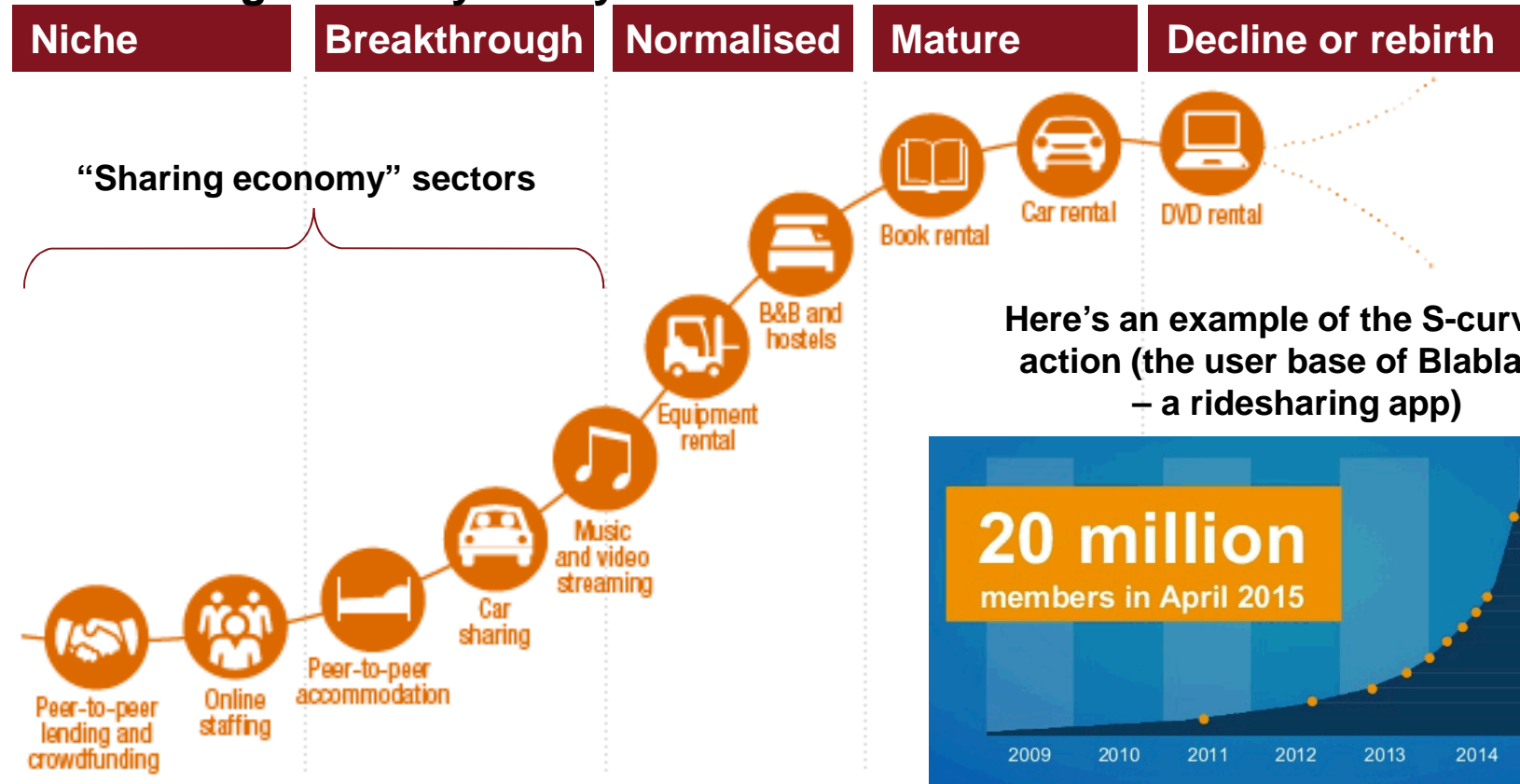
The sharing economy has created 17 billion-dollar companies



Source: Jeremiah Owyang, Web Strategist

We have applied a life-cycle model when thinking about the scale of disruption

The sharing economy life-cycle



Source: PwC analysis of multiple sources

We expect sharing economy sectors will generate \$335bn by 2025

Sharing economy sector



Peer-to-peer lending and crowdfunding



Online staffing



Peer-to-peer accommodation



Car sharing



Music and video streaming

Traditional rental sector



Equipment rental



B&B and hostels



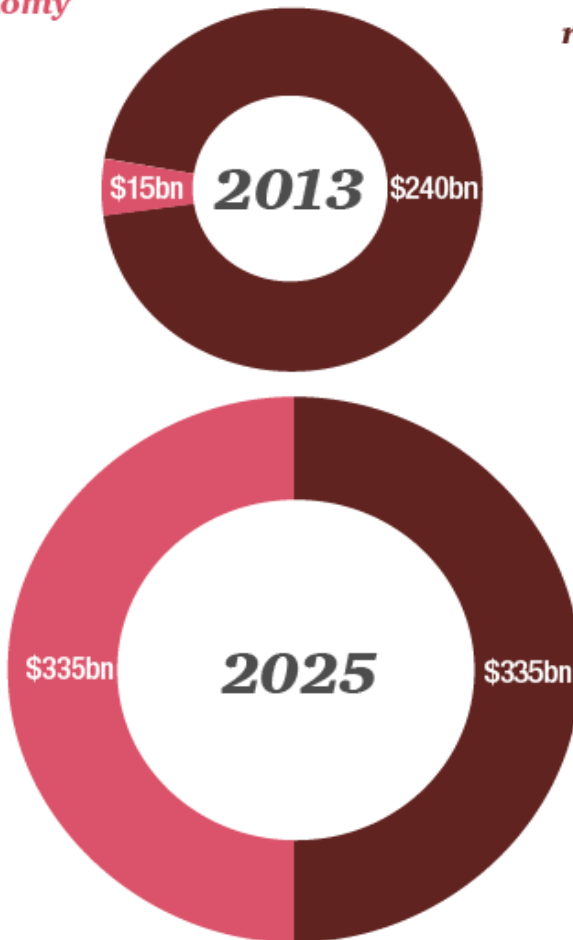
Book rental



Car rental



DVD rental



Sharing economy sectors ■ Traditional rental sectors

Source: PwC analysis

But – there are still significant barriers to overcome

New regulation makes sharing transactions illegal or costly

June 11, 2014: Taxi drivers in London, Berlin, Paris, Madrid stage a protest against Uber for violating licensing, insurance and safety regulations	August 14: Berlin bans Uber, says service does not have enough safety checks in place	December 8: Dutch court bans Uber's ride-sharing service UberPOP
---	--	--

An unanticipated technological disruption leapfrogs sharing economy

“The reason Uber could be expensive is you’re paying for the other dude in the car...when there is no other dude in the car, the cost of taking an Uber anywhere is cheaper”
Travis Kalanick, Uber CEO, 2014

Source: PwC analysis

High-profile events raise significant safety concerns

Airbnb Horror Story Points to Need for Precautions

AUG. 14, 2015

Governments raise tax burden on sharing transactions

July 25, 2015 4:29 pm

Revenue & Customs goes online to tax the sharing economy

As sharing economy platforms scale, they lose their authenticity

October 28, 2013 8:26 am

Big banks muscle in on peer-to-peer lending

We see three broad strategic options for organisations

Protect

Lobby aggressively; acquire to neutralise tactical threats

“For them to turn over a law to collect [occupancy] taxes is them just trying to legitimize what we see as an illegal business.”

Geoffrey Mills, chairman, New York Hotels Association



Source: PwC review of multiple sources

Prepare

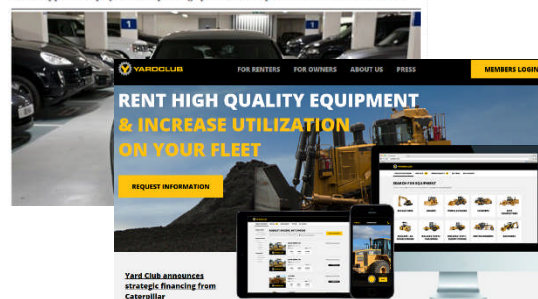
Engage in sharing platforms; invest in strategic partnerships

“The BMW Group is the world’s leading provider of premium products and premium services for individual mobility”

BMW Mission statement

JustPark app helps BMW Mini drivers find a parking space

A new app that helps you find a parking space could help reduce traffic on urban roads



Pivot

Build own sharing concepts; buy and integrate sharing brands

“Most retailers missed the first revolution in retail that digital brought: e-commerce. I am not going to miss the second one: which I believe is collaborative consumption”

Veronique Laury, CEO, Kingfisher



Five questions to ask yourselves on the sharing economy...



Could alternative consumption models (renting, on-demand, subscription) emerge in our sector?



Do we understand the mind-set of the cohort of consumers who engage with the sharing economy?



What new partnerships could we form with sharing economy companies?



Taking a fresh look at our asset base (tangible and intangible), which parts could we do more to monetise?



What parts of our business could we open up to the crowd? (staffing, R&D, financing etc)

Contacts and services

To find out more about the sharing economy or the megatrends, please contact:

David Trunkfield

Partner, Head of Hospitality & Leisure
david.trunkfield@uk.pwc.com
+44 (0) 207 804 6397



Robert Vaughan

**Manager, Megatrends and
Sharing Economy Expert**
robert.p.vaughan@strategyand.uk.pwc.com
+44 (0)20 7212 2521
@robpwv



PwC's research on the sharing economy has been supported by John Hawksworth and Ishan Patel

For more information on the Sharing Economy, please visit our website at:

<http://www.pwc.co.uk/issues/megatrends/collisions/sharingeconomy/index.jhtml>

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers LLP, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2015 PricewaterhouseCoopers LLP. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers LLP which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.