

Seismic Shifts in the Sharing Economy: Shaking Up Marketing Channels and Supply Chains

O. C. Ferrell and Linda Ferrell

*Department of Marketing, Raymond J. Harbert College of Business, Auburn University,
Auburn, Alabama, USA*

Kyle Huggins

Jack C. Massey College of Business, Belmont University, Nashville, Tennessee, USA

Our goal is to provide an overview of the sharing economy in the context of marketing channels and supply chains. The use of peer-to-peer disruptive technology is challenging participation in traditional marketing channels. We provide grounded research that explains this new business model and briefly examines key issues that firms in this new marketing channel face. Some of the issues include access versus ownership, the role of independent contractors, and regulatory issues. We position the sharing economy as a unique marketing channel and explain how it differs from traditional marketing channels. Although we define key terminology, other articles in this issue provide in-depth coverage of the emerging issues.

Keywords: *access economy, disruptive technology, gig economy, marketing channels, sharing economy*

The sharing economy has had a major impact on labor, industry, and our distribution system. The term *sharing economy* refers to an economic model that involves creating access to underutilized resources. Other popular names include peer-to-peer or person-to-person economy (sometimes abbreviated as P2P), collaborative consumption, and piecemeal labor (Botsman, 2013; Economist Staff, 2013; Singer, 2014).

The sharing economy is also associated with the *gig economy*, a term referring to a job situation where individuals move from one project to another rather than seeking permanent employment (Sundararajan, 2015). The online gig economy is facilitated by digital connections through application software (hereafter, apps). These apps are developed specifically for use on wireless

computing devices. The United States (U.S.) Department of Commerce defines these firms as *digital matching firms* in the sharing-economy space (Telles, 2016).

The exact definition of the sharing economy is still being debated, but that terminology is the most widely used. Participants in the gig economy are micro-entrepreneurs or small-scale businesses with no more than five employees. It is estimated that 95% of small businesses are micro-businesses (Clawson, 2015; Payton, 2014).

The sharing economy is changing the nature of the concept of access, ownership, and employment. The ethical, legal, and regulatory environment of the sharing economy is in a developing stage with relationships that create the need to minimize risks for all stakeholders. Our main focus in this article is to examine how the sharing economy is challenging traditional marketing channels and supply chains.

Address correspondence to O. C. Ferrell, PhD, Department of Marketing, Raymond J. Harbert College of Business, Auburn University, 201 Lowder Hall, Auburn, AL 36849, USA. E-mail: ocf0003@auburn.edu

The belief that sharing systems are a sustainable and potentially profitable alternative to ownership is accelerating rapidly (Belk, 2007; Weber 2014). The sharing of both services and access to physical products are built on the foundation of disruptive technologies. According to Danneels (2004), *disruptive technology* is best defined as “technology that changes the bases of competition by changing the performance metrics along which firms compete” (p. 249).

Social media and apps that connect consumers and businesses with instant information about the location and availability of products provide platforms to overcome temporal limitations and fixed location barriers of traditional distribution systems. Sharing systems are very broad, ranging from accounting and medical services to bicycle sharing to car sharing or ride sharing.

Uber, with its ride-sharing app, has been valued at more than US\$70 billion (Economist Staff, 2016; Macmillan & Demos, 2015). General Motors has invested US\$500 million in Lyft ride sharing and provides rental cars to Lyft drivers. This represents a strategic alliance that offers discounted rates on rental cars to Lyft drivers (Macmillan, 2016). Overall, Lyft is an asset-light firm providing opportunities for rapid growth with a sharing-economy business model.

The majority of people seem to view the sharing economy favorably. Approximately 72% of Americans have used some type of shared or on-demand service, with ride-sharing services among the highest at 15% (Smith, 2016). About 71% of those who have shared an on-demand service describe their experience as positive. About one-third of sellers in the sharing economy make more than 40% of their income from the sharing economy, signifying that many are approaching the sharing economy from an entrepreneurial perspective (Steinmetz, 2016). Approximately 86% of those who participated in a sharing-economy transaction believe that the sharing economy makes life more affordable and 78% of consumers believe that the sharing economy reduces waste. On the other hand, relying upon independent contractors causes the services offered to vary; approximately 72% believe the sharing economy is not consistent (Steinmetz, 2016).

Definitively, the sharing economy involves commercial sharing that is market managed to provide product benefits without ownership. Eckhardt and Bardhi (2016) distinguish sharing as a part of the access economy and define *sharing* as a nonmarket-mediated social exchange. They position sharing as between friends and family without monetary exchange. When there are monetary exchanges, they define it as the *access economy*.

Although this definition may be logical from an academic theory perspective, the sharing-economy terminology is the classification the government, industry, and mass media deploy in this new business model. Accordingly, the Internal Revenue Service has issued tax rules

for independent contractors using the sharing-economy definitions on their Sharing Economy Tax Center website (Internal Revenue Service, 2017). On the other hand, the U.S. Department of Commerce tries to narrow the focus to digital-matching firms with companies such as Craigslist: firms that facilitate this interaction without a monetary transaction, such as Freecycle and Couchsurfing, are viewed as outside the digital-matching firm definition (Telles, 2016).

In the sharing economy, independent providers connect with consumers through an agent acting as a facilitator in the exchange. Facilitation is often through web-based platforms, such as apps, on Internet-enabled devices. This is an area that has emerged quickly with limited academic research to explain this business model. In addition, there is limited knowledge about consumer attitudes and behaviors related to those who participate in this sharing economy.

The sharing system has evolved based on lower costs, transactional and flexibility utility, and acquiring equivalent product benefits. Lamberton and Rose (2012) conducted one of the first marketing studies on this new sharing business-model and concluded that “marketers should begin by learning the specific cost and utility factors that may affect propensity to participate in commercial sharing systems” (p. 122).

A further goal in this article is to provide a framework to examine the impact of the sharing economy on supply chains and marketing channels. We place the sharing economy in the context of a marketing channel and compare this emerging system of distribution with traditional marketing channels.

The role of employment is at a stress point as independent contractors are key members of the distribution system. This has led to many legal challenges as to when contractors are appropriately classified as independent contractors versus being classified as employees.

In addition, the sharing economy is redefining the concept of ownership. The ownership concept and its transfer is embedded in the roles of traditional marketing channel members. In the sharing economy, consumers view access as an accepted way to obtain resources that are traditionally obtained through ownership.

We provide a systematic understanding and insights that explain how the sharing economy fits into the traditional view of marketing channels and supply chains. We provide a grounded perspective based on the integration of emerging academic research and examples that explain the sharing-economy business model. Thus, this article provides the building blocks for academic research in this area.

We make six contributions in this overview and provide a conceptual framework. First, we describe the nature of marketing channels in the sharing economy. The nature of connectivity and collaboration change is related to

communication, ownership, labor, access, and assumed risk.

Second, we examine the nature of access versus ownership in a sharing-economy marketing channel. Third, we analyze the role of independent contractors that facilitate market access and carry out marketing channel functions and activities.

Fourth, we describe some of the regulatory issues that are emerging as a result of these new marketing channel structures. Regulation has always been important in the management of marketing channels, but the sharing-economy business model has created regulatory issues that did not previously exist.

Fifth, we explain how marketing channels function in the sharing economy and how they differ from traditional marketing channels. Finally, we discuss how the sharing economy changes the nature of marketing channels and supply chains.

MARKETING CHANNELS IN THE CONTEXT OF THE SHARING ECONOMY

Marketing channels and supply chain relationships are among the most important strategic decisions made by any firm. In fact, most companies rate supply chains as one of the top considerations in developing a differential advantage.

When thinking of supply chain management, we consider marketing channels as the organized system of marketing institutions. A *marketing channel* is defined as “a group of individuals and organizations that direct the flow of products from producers to customers within the supply chain” (Pride & Ferrell, 2016, p. 412). Some members of the marketing channel take ownership of the product and are classified as *merchants*; other members of the marketing channel receive a commission for facilitating an exchange and are classified as *agents*.

At the heart of the supply chain is connectivity and collaboration (Ferrell et al., 2013) with information resources and products flowing from the point of production to the final user. Likewise, supply chains include the connection and integration of all members of the marketing channel, including a spider web of third-party participants that create a seamless network of collaboration.

Today micro-entrepreneurs are entering the business arena, short-circuiting traditional institutions and distribution systems connected with traditional supply chains and marketing channels. For example, although cosmetics, nutritional supplements, or jewelry can go from traditional manufacturer to wholesaler to retailer to consumer, a nonstore retailer can use independent contractors to eliminate traditional wholesalers and retail stores. Direct sellers use independent contractors with technology, such as websites and web-app hybrids, but focus on product

ownership, not access. The sharing economy, in contrast, focuses on access and services that utilize the resources of others.

Direct selling has evolved with websites, online shopping carts, social networks, and e-mail as well as other electronic communication associated with disruptive technology. Some direct sellers have evolved with websites or apps that consumers can use to reorder after establishing personal relationships, but continue to communicate, often by social media. Direct sellers can build their own business by seeking and training more people to sell products. This is a feature not found in the sharing economy. Direct selling is not a part of the “digital-matching” firms that are the primary participants in the sharing economy. Therefore, the sharing-economy firms and direct selling use different marketing channels.

Companies involved in the sharing economy act as avenues (“labor brokers”) that connect people in need of certain services with sellers of those services. As such, sellers are considered independent contractors rather than employees because they own the resources offered (e.g., car for Uber, lodging for Airbnb) and have the ability to work as much or as little as they desire. Table 1 provides some examples and a brief description of some of the companies involved in the sharing economy.

Almost all aspects of the service economy are being affected by disruptive technology, such as apps and websites. It is also affecting other industries as well, as the purchase of groceries and the sharing of products such as automobiles, houses, boats, bicycles, and tools can secure extra income for the owner. As such, the sharing economy creates a marketing channel that connects an owner and user through technology and is facilitated by a product or labor broker. Even services such as medical services are moving toward the use of digital-matching apps. In other words, in comparing the sharing economy to traditional

TABLE 1
Examples of Companies in the Sharing Economy

Company	URL	Description
Airbnb	https://www.airbnb.com	Lodging
Caviar	https://www.trycaviar.com/	Food delivery from restaurants
DogVacay	https://dogvacay.com/	Dog sitting
Dose	https://www.dosehealthcare.com	At home physician visits
Instacart	https://www.instacart.com/	Grocery delivery
Lyft	https://www.lyft.com/	Ride sharing
Sailo	https://www.sailo.com/	Boat sharing
Spinlister	https://www.spinlister.com/	Bike sharing
StyleBee	https://www.stylebee.com/	Beauty experts on demand
TaskRabbit	https://www.taskrabbit.com/	Chore marketplace
Uber	https://www.uber.com/	Ride sharing
Zirx	https://www.zirx.com/	Valet parking on demand

marketing channels, an agent or broker quickly connects those that possess a resource, such as a car or a room, with those that need it. These disruptive technology dynamics are usually self-sustaining and act as a catalyst to spark even more change (Pride & Ferrell, 2017), often challenging social institutions, business models, and the legal and regulatory system.

There has been limited research related to the sharing economy. An agent or broker often facilitates the relationships in the sharing economy that comprise a P2P phenomenon involving nonownership but access that enables consumers to obtain benefits. It has been characterized as a self-service exchange with extensive cocreation and a balanced market-mediated exchange involving short-term intermittent transactions driven by the desire for community and inspired by cooperation and collaboration (Philip et al., 2015).

Consumer research has not discovered how these social economic relationships are created, shaped, or sustained. At this stage, most research has been conceptual, descriptive, and not causal, but Harding and Schenkel (2017) have conducted research to demonstrate how attitudes toward ride sharing and car ownership differ. This type of research is necessary to understand consumer behavior in the sharing economy.

It is hypothesized that relationships are sustained through consumer–producer engagements in collaborative consumption and production and the creation of zones of indeterminacy (Scaraboto, 2015). Although some believe that this is outside the realm of traditional market economies, this belief is being challenged by the size of companies: Airbnb is reported to have 10 million bookings and more than 50,000 renters each night (PricewaterhouseCoopers LLP, 2015).

Because of the direct interface between product or service providers and consumers, some safeguards are needed because there are risks associated with the consumer and service provider interface and access. This is because buyer–seller engagements are collaborative and there is a zone of interdependency that will break down unless value is being provided. The interdependency of the company and the independent contractor is difficult to discriminate, thereby creating potentially more risk than exchanges with a fixed location and a known provider. It is believed that this indeterminacy should create risks of scarcity, predictability, control, and trust issues related to product quality (Lamberton & Rose, 2012).

Although theoretically viable, some of these risks related to product scarcity do not have significant effect on the likelihood of consumers participating in sharing systems. *Scarcity risk* refers to “the likelihood that a product or product-related resource will be unavailable when a consumer desires access” (Lamberton & Rose, 2012, p. 110). However, Habibi et al. (2016) show both qualitatively and quantitatively that product scarcity was not a

driver of the likelihood of consumers to participate in the sharing economy. They believe this effect to be tied to the notion that scarcity risks are not practical concerns of participants in the sharing economy because of the overwhelming level of supply versus demand.

Until the demand within the sharing economy increases significantly to catch up to the oversupply of sharing opportunities, product scarcity will not be a valid risk concern. We suggest that additional risks related to the lack of training that many sharing-economy companies require of their service providers, as well as the potential for insurance liability related to damage to personal products provided (e.g., automobile, bikes, boats, home, tools, etc.), are much more viable and immediate risk concerns for participants in the sharing economy.

THE CHANGING NATURE OF OWNERSHIP IN THE SHARING ECONOMY

The concept of ownership is evolving as consumers shift from needing to possess objects to focusing on obtaining benefits from objects. Ownership, access, and sharing are becoming major research topics in a number of fields and contexts. In the sharing economy, cocreation and collaborative consumption create new questions about hybrid variance that combine the logics of sharing and traditional market exchange (Price & Belk, 2016). Sharing has been integrated into traditional marketplace exchanges, with information technology helping to accelerate the market exchange transaction.

In terms of ride sharing, the Pew Research Center found that those consumers who frequently use ride-sharing services are less likely to own a car than their contemporaries. Smith (2016) reports that most ride sharing occurs among younger consumers between the ages of 18 to 29 (28%) and 30 to 49 (19%). Young adults are buying fewer cars using online meet-ups and are experiencing changing cultural values focused on experience rather than materialism (Badger, 2014).

As Millennials plunge into the sharing economy, they seem less interested in ownership than previous generations (Badger, 2014; Dykstra, 2012; Shirouzu, 2016) and more intent on sharing: sharing occurs to obtain the use of resources that one does not own. Research suggests that consumer purchase behavior is changing with the ability to monetize underutilized resources (PricewaterhouseCoopers LLP, 2015). For example, most people only use their car for a small amount of time—10% or less. Therefore, the car is available to be used by others. Possessing and protecting is not as important as turning ownership into an economically viable activity.

In general, if there are multiple users of a resource, sharing activities are occurring. Traditionally shopping and purchasing are inventory behaviors that are distinct

from, and usually prior to, consumption of products. Now that distributed inventory is often accessed digitally, this is changing individual ownership norms of exclusive use (Rudmin, 2016). Changing attitudes toward ownership could impact our economy in various ways. For example, if the nature of competition (e.g., Airbnb versus Marriott) and the need for product ownership (e.g., Uber versus Toyota) changes, then competitive boundaries expand.

According to Belk (2014) “you are what you can access” (p. 1595). Although sharing may be as old as civilization, current technology has opened the door to creating a lifestyle and standard of living without actual ownership of products. The two commonalities in this new approach to ownership are temporary access through nonownership models and using digital technologies to make this happen (Belk, 2014).

Few industries are exempt from their products being utilized or shared by this new disruptive technology. If ownership as we know it today continues to change at current rates, there could be major economic ramifications. Fewer products are needed when one can pay a fee and have access to cars, clothing, lodging, or tools. It may no longer be necessary to go to a fixed-location retail establishment for many traditional services such as hairstyling, medical services, or meals (e.g., UberEATS delivers meals directly from restaurants to the customer).

The concept of ownership starts to lose its meaning when most physical products and services can be accessed just in time, when they are needed. Additionally, over time the psychological enjoyment and rewards from ownership could diminish within our culture. Most of our laws and regulations historically developed around property rights and ownership. Private property has long been viewed as a key asset in developing income, wealth, and financial independence. But, the sharing economy now allows access to products the user cannot afford to own (Thorne & Quinn, 2017).

THE ROLE OF INDEPENDENT CONTRACTORS IN THE SHARING-ECONOMY MARKETING CHANNEL

Workers without employers who have flexible agreements as independent contractors or consultants characterize the sharing economy. In 2015, 34% of the American workforce was a freelance or independent contractor (sometimes called *1099 workers* because of the number of the tax form they receive related to their tax status that highlights that they are not traditional employees who receive W2 forms). This number is expected to rise by 40% in 2020 (Argawal, 2016). These independent contractors complete a task, usually in a defined period of time, and have various levels of commitment to the organization (Friedman, 2014). Often these independent

contractors are young, well-educated, and use advanced technology.

Although this new group of entrepreneurs is embraced by businesses because the businesses avoid having to pay benefits, taxes, and lawsuits related to employee disputes (such as dismissals), the U.S. Bureau of Labor Statistics and the Census Bureau do not collect appropriate data for analysis of independent contractors at this time (Friedman, 2014). However, the U.S. Internal Revenue Service (IRS) has developed a Sharing Economy Tax Center that appears to be directed at the digital-matching sector of the economy.

The IRS common law rules to be an independent contractor includes three main aspects (Internal Revenue Service, 2017). They are behavioral (Does the company control or have the right to control what the worker does and how the worker does his or her job?), financial (Are the business aspects of the worker’s job—including how the worker is paid, expense reimbursement policies, provision of tools and supplies, and so on—controlled by the payer?), and type of relationship (Are there written contracts or employee type benefits such as pension, insurance, vacation pay, and so on?). These IRS rules relate to the degree of control and independence.

Despite these rules being provided to identify the independent-contractor relationship, there continue to be legal disputes as to whether ride sharing meets these legal requirements. This situation leads to perhaps one of the greatest legal challenges to the sharing economy: the status of independent-contractor relationships. Local, national, and international law may determine the status of an independent contractor differently. But in general, an independent contractor should have authoritative control to do the work the way he or she desires to do it, free from supervision and control. They need to be able to set their own schedules, provide their own supplies, pay their own business expenses, and only get paid for work performed. Generally, there should be a contract that states the relationship that exists, the terms of service, and the specific deliverables (Opkins, 2010).

Because independent contractors own their own businesses and contract their time and resources as they see fit, they are responsible for paying payroll taxes, business expenses, and healthcare. Between 2010 and 2014, independent contracting grew by 2.1 million (Rinehart & Gitis, 2015). This increase in micro-entrepreneurship is a challenge to the structure of traditional marketing channels and supply chains because the independent contractors may access their clients in a manner different from the structure of traditional marketing channels.

Facilitators in the sharing economy may hold certain controls over the services that they assist in providing, including rates for the services. According to lawsuits filed against Uber alleging that drivers were misclassified as independent contractors, Uber maintains control over

fares, can deactivate driver accounts, can charge cancellation fees to drivers who choose not to take a ride, and can prohibit them from picking up passengers that are not using the app. For these reasons, a judge in southern California ruled that a driver suing the company was actually an employee and was eligible for reimbursement for business expenses (Huet, 2015; Levine, 2015; Somerville, 2015). The ruling has significant implications for the sharing economy.

Although some businesses such as Instacart might be successful in transitioning to an employment basis (O'Brien, 2015), the success of the sharing economy depends on micro-entrepreneurs operating their own resources to provide a service. Uber and Airbnb would not be successful on such a wide scale if they had to pay salaries to all the independent contractors selling services worldwide. In the case of Airbnb, employment would go directly against its mission of "sharing" and developing real human connections and experiences between buyer and seller.

If lawsuits continue to classify independent contractors in the sharing economy as employees, it is likely that companies such as Uber might have to give up some control to their independent contractors and allow them to run their operations as they see fit. It is interesting to note that the personal transportation industry was not built around employees even before Uber: the vast majority of taxi drivers operate as independent contractors.

RESOLVING REGULATORY ISSUES IN THE SHARING ECONOMY

In addition to employment status, the sharing economy has also frequently faced other regulatory issues. Cohen and Kietzmann (2014) use agency theory to define the government as the principals and the service providers as the agents. From this perspective, there are significant conflicts in the principal–agency relationship. For instance, drivers of certain Uber services do not have to be licensed like taxi drivers. Many governments view this as a safety concern. This has caused considerable debate both within the U.S. and in other countries. Many U.S. cities have tried to block Uber from operating and bans have been instituted on certain Uber services in France, Germany, India, and Spain (Khosla, 2015).

Other stakeholders are turning toward the government because of what they view as unfair competition. Taxicab services, for instance, argue that Uber has an unfair competitive advantage because its drivers are not held to the same restrictions as taxi drivers. Even those who like the sharing economy believe that some companies are exploiting loopholes in regulations. In one survey, 58% of those who offer services believed that the industry

was exploiting loopholes in regulation (Steinmetz, 2016). Gollnhofer et al. (2016) theorize that these issues of fairness have emerged because unlike traditional market exchanges, there are no clear rules of reciprocity that guide this "redistribution of goods" (p. 226) through the sharing model.

On the other hand, Airbnb has a friendlier relationship with regulators. It worked feverishly in lobbying against Proposition F in San Francisco that would have imposed limitations on Airbnb hosts who wanted to rent out their lodgings. It does seem to be more willing to make compromises, however. Airbnb pays hotel taxes to the cities where it operates and the CEO recently announced that in places with housing shortages it would not use hosts who owned multiple apartments wanting to turn them into short-term rentals. Cities appear to be more open to sharing-economy firms that appear more willing to compromise (Chafkin, 2016).

HOW MARKETING CHANNELS FUNCTION IN THE SHARING ECONOMY

Marketing channels for the sharing economy consist of a direct-to-consumer connection with an agent or labor broker that receives a commission for facilitating the direct connection. Many of the traditional channel strategies may be challenged by this channel relationship. For instance, Uber has moved personal transportation from a branded, selective distribution situation into intensive distribution. In addition, UberBLACK limousine service is a form of exclusive distribution above and beyond Uber's regular transportation options.

Many traditional channel concepts that apply to marketing such as vertical channel integration (involving combining two or more stages in the channel under one management) are not as useful because of the direct connection facilitated between the buyer and seller. Physical distribution, order processing, inventory management, and materials handling become less of a concern because of the direct buyer–seller relationship. Transportation can be associated with cocreation in that the buyer and seller have to make direct contact and may be responsible for traditional inventory management and movement of products to buyers.

Services provided through the sharing economy differ from those provided by traditional service providers. Traditional service providers often have retail facilities and are providing service at an arms-length, meaning that there is limited contact between customer and service provider. For example, service products such as airline services, banks, hair salons, and health care providers have a formal retail distribution system usually associated with at least some fixed location facility.

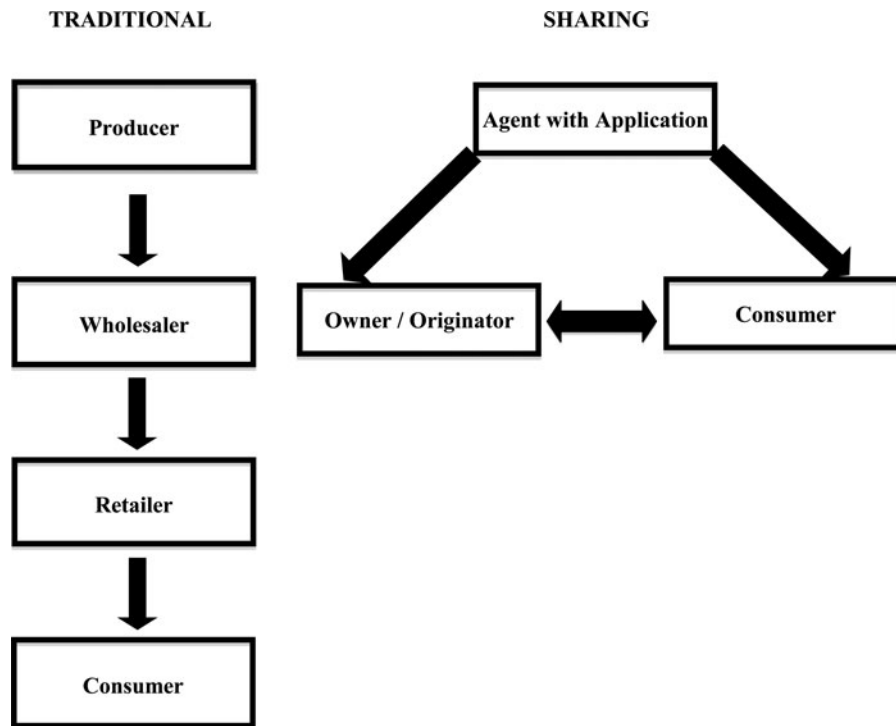


FIGURE 1 Traditional versus sharing-economy marketing channels.

In comparison, the sharing economy has a shorter distribution channel by eliminating a fixed location. For instance, some services emerging provide physician visits, hair styling, and chores performed at the consumer's home all through the sharing economy. Most of these transactions are facilitated through technology that allows the service provider to connect directly to the consumer without a fixed location or intermediary that negotiates the transaction.

There are many variations of traditional marketing channel relationships. In [Figure 1](#), a traditional marketing channel is shown, including producers, wholesalers, retailers, and consumers. There can be many variations of this type of channel—it could use a marketing channel that goes straight from producer to consumer or through various types of agents and brokers.

What is different about a marketing channel in the sharing economy is that the main relationship between buyer and seller is often facilitated through an app provided by an agent or labor broker. The buyer has the same type of relationship with the agent or broker as does the owner or originator. The owner or originator and the buyer complete a digitally facilitated exchange. The agent does not have traditional channel functions other than facilitating this transaction and providing risk reduction controls to hopefully create safety and integrity in the exchange. Finally, the owner / originator and the consumer engage in various forms of cocreation to finalize the exchange relationship.

DISCUSSION

The sharing economy has created seismic shifts in marketing channels and supply chains. Although most marketing channel concepts can be applied to the sharing economy, the nature of distribution in the sharing economy shakes the foundation of traditional marketing channels. The sharing-economy marketing channel is more of a direct channel from the owner or originator to the customer. Facilitated by an agent, traditional marketing intermediaries are usually not present. This direct go-to-market strategy uses a cocreation model in providing activities and functions to create benefits. This results in a very efficient marketing channel that reduces costs and increases actual value and perceptions of value.

Members of the sharing-economy marketing channel occupy a well-defined role based on cooperation: most conflict is not among internal channel members, but rather with other business models and the legal and regulatory communities. For example, Uber addresses conflicts with traditional taxi companies that try to prevent its operations through local regulatory communities.

Another channel feature of the sharing economy is channel leadership. Most of the sharing economy is organized and controlled by a single leader. Although participants are independent contractors, they do not establish channel policies and the agent-facilitator, such as Airbnb or TaskRabbit, provide the strategy and resources to influence participants' success. The agent

provides communication and oversight to create efficient exchanges.

Part of the efficiency of the sharing economy relates to cocreating various systems and activities related to supply chain management. Information technology allows for distribution functions to be more efficiently performed under a unified management of leader-facilitators. This reduces costs and positions the sharing-economy business model with a competitive advantage.

Sharing-economy companies can facilitate distribution, providing services that do not require additional resources for retailers. For example, Walmart has partnered with Lyft and Uber to provide grocery delivery service in selected markets. High-end, high-service retailers, such as Hugo Boss, have also partnered with Uber to expedite clothing delivery.

The concept of inventory management also changes in the sharing economy. For example, Airbnb has a greater inventory of rooms (about three million) every day than Hilton Worldwide (about 739,000).¹ But, this inventory, if not occupied, will cost Airbnb almost nothing, although at Hilton an unoccupied room has costs that negatively impact chain revenue.

Physical handling and warehousing operations are not significant in the app-based, digital-matching firms. But, in direct selling based on ownership, even when supported by shopping carts, web-based technology, social media, and apps, a channel design with operations for storing and moving products in centralized locations is necessary.

The sharing-economy business model is asset-light. The cost of expanding is lower for a startup because the independent contractors own most of the assets needed to provide access to products. Finally, these independent contractors can work as much as or little as they like (Economist Staff, 2016).

Although there are many regulatory issues in channel management, the regulatory issues in the sharing economy are very different from issues faced in the traditional marketing channel. Issues such as dual distribution, restricted sales territories, tying agreements, exclusive dealings, and refusal to deal are much less important or nonexistent. However, defining the status of an independent contractor, tax reporting, insurance responsibility, licensing, and the management of risks become more important.

The management of ethical risks is also important but different in the sharing-economy channels. Most independent-contractor participants get little or no mandated training to deal with ethical risks. This is because there is a desire not to exert too much control

and jeopardize the independent-contractor work status. Often in the sharing economy there is only a background check and possibly a review of contractor equipment or facility. It appears that most sharing-economy companies such as Lyft and Uber are large companies but have not established ethical values, cultures, and codes of ethics to deal with ethical risks (Gonzalez-Padron, 2017).

CONCLUSIONS AND FUTURE RESEARCH

In this article we examine the impact of the sharing economy and provide a framework for how the sharing economy fits into the traditional view of marketing channels and supply chains. This is critically important for marketing research as the role of employment in these systems is at a stress point. We propose that independent contractors, acting as micro-entrepreneurs, are key members in driving the recovery of these distribution systems and the economy as a whole.

However, the sharing economy is redefining the concept of ownership and has created many legal challenges as to when independent contractors is appropriate versus classification as employees. Hence, we provide a grounded perspective based on the integration of emerging academic research and examples that explain the sharing-economy business model.

Additionally, we provide the building blocks for academic research in this area as we highlight several contributions to this field of research. First, we described the nature of both marketing channels and ownership within the context of the sharing economy. Next, we analyzed the role of independent contractors that facilitate this market exchange, carrying out marketing channel functions and activities. Then we described some of the regulatory issues that are emerging as a result of these new marketing channel structures. Finally, we explain how sharing-economy marketing channels function and differ from traditional marketing channels while changing the overall nature of marketing channels and supply chains.

There are many creative opportunities for research to better understand how the sharing economy is impacting marketing. As it relates to consumer behavior, research that longitudinally explores the effect of product scarcity (Habibi et al., 2016) as demand for the sharing economy increases could increase concerns about this risk. Further exploration of the demand and product scarcity links for the sharing economy across various geographic and demographic spectrums may begin to shed some light on this hypothesized effect.

Ownership of submitted digital content to the sharing economy is of particular interest, for example TaskRabbit. Ideas submitted to this chore marketplace in terms of increasing efficiency and effectiveness are valuable strategies that are now fragmentally shared between

¹For the number of Hilton Worldwide hotel rooms from 2009 to 2016, see <https://www.statista.com/statistics/247301/number-of-hilton-worldwide-hotel-rooms/>; Airbnb claims 3 million listings worldwide at <https://www.airbnb.com/about/about-us>, including castles.

individual consumers and corporations (Molesworth et al., 2016). Questions arise about who has the authority to share this content at will. Specifically, in this arena there is an interplay between actor network theory and political economy theory describing the technology and the user-generated content paired with the governance and business models needed to monetize the digital platform (Van Dijck, 2013). Consumer research regarding the perceptions of these monetization strategies is greatly needed in this particular domain of the sharing economy.

Finally, regarding the marketing domain of strategy, there is no academic research dealing with the challenges that the sharing economy presents to traditional marketing channels. Research opportunities in this domain include organizational behavior, varying firm strategies, transitional marketing channel activities and functions, regulatory community issues and responses, ethical issues and risks, and the economic impact of the sharing economy on communities as well as societal benefits and drivers of this transition. Across these areas of marketing research our discipline has the opportunity to be at the forefront of research in these important areas and provide leadership in understanding the sharing economy.

REFERENCES

- Argrawal, A. J. (2016, April 15). As the on-demand and sharing economy grows, so do the options (and the risks). *Inc.* Retrieved from <http://www.inc.com/aj-agrawal/as-the-on-demand-and-sharing-economy-grows-so-do-the-options-and-the-risks.html>
- Badger, E. (2014, October 14). The many reasons Millennials are shunning cars. *The Washington Post*. Retrieved from <https://www.washingtonpost.com/news/wonk/wp/2014/10/14/the-many-reasons-millennials-are-shunning-cars/>
- Belk, R. W. (2007). Why not share rather than own? *Annals of the American Academy of Political and Social Science*, 611(1), 126–140.
- Belk, R. W. (2014). You are what you can access: Sharing and collaborative consumption online. *Journal of Business Research*, 67(8), 1595–1600.
- Botsman, R. (2013, November 21). The shared economy lacks a shared definition. *Fast Company*. Retrieved from <http://www.fastcoexist.com/3022028/the-sharing-economy-lacks-a-shared-definition>
- Chafkin, M. (2016, January 12). Can Airbnb unite the world? *Fast Company*. Retrieved from <http://www.fastcompany.com/3054873/can-airbnb-unite-the-world>
- Clawson, T. (2015, December 27). The face of Britain's sharing economy: Incremental income or micro entrepreneurship. *Forbes*. Retrieved from <http://www.forbes.com/sites/trevorclawson/2015/12/27/the-face-of-britains-sharing-economy-incremental-income-or-micro-entrepreneurship/#7b93fba3594>
- Cohen, B., & Kietzmann, J. (2014). Ride on! Mobility business models for the sharing economy. *Organization & Environment*, 27(3), 279–296.
- Danneels, E. (2004). Disruptive technology reconsidered: A critique and research agenda. *Journal of Product Innovation Management*, 21(4), 246–258.
- Dykstra, J. A. (2012, July 13). Why Millennials don't want to buy stuff. *Fast Company*. Retrieved from <http://www.fastcompany.com/1842581/why-millennials-dont-want-buy-stuff>
- Eckhardt, G. M., & Bardhi, F. (2016). The relationships between access practices and economic systems. *Journal of the Association for Consumer Research*, 1(2), 210–225.
- Economist Staff. (2013, May 9). Peer-to-peer rental: The rise of the sharing economy. *The Economist*. Retrieved from <http://www.economist.com/news/leaders/21573104-internet-everything-hire-rise-sharing-economy>
- Economist Staff. (2016, September 3). Uber: From zero to seventy (billion). *The Economist*, 17.
- Ferrell, O. C., Rogers, M. M., Ferrell, L., & Sawayda, J. (2013). A framework for understanding ethical supply chain decision making. *Journal of Marketing Channels*, 20(3–4), 260–287.
- Friedman, G. (2014). Workers without employers: Shadow corporations and the rise of the gig economy. *Review of Keynesian Economics*, 2(2), 171–188.
- Gollnhofer, J. F., Hellwig, K., & Morhart, F. (2016). Fair is good, but what is fair? Negotiations of distributive justice in an emerging non-monetary sharing model. *Journal of the Association for Consumer Research*, 1(2), 226–245.
- Gonzalez-Padron, T. L. (2017). Ethics in the sharing economy: Creating a legitimate marketing channel. *Journal of Marketing Channels*, 24(1–2), 84–96.
- Habibi, M. R., Kim, A., & Laroche, M. (2016). From sharing to exchange: An extended framework of dual modes of collaborative nonownership consumption. *Journal of the Association for Consumer Research*, 1(2), 277–294.
- Harding, L. M., & Schenkel, M. T. (2017). Brand advertising in an access-ownership world: How marketing channels impact message persuasiveness. *Journal of Marketing Channels*, 24(1–2), 51–72.
- Huet, E. (2015, June 17). Uber driver is an employee, not contractor, rules California Labor Commission. *Forbes*. Retrieved from <http://www.forbes.com/sites/ellenhuet/2015/06/17/uber-drivers-are-employees-not-contractors-rules-california-labor-commission/#7183fe9215e4>
- Internal Revenue Service. (2017). *Independent contractor (self-employed) or employee?* Retrieved from <https://www.irs.gov/businesses/small-businesses-self-employed/sharing-economy-tax-center>
- Khosla, E. G. (2015, April 8). Here's everywhere Uber is banned around the world. *Business Insider*. Retrieved from <http://www.businessinsider.com/heres-everywhere-uber-is-banned-around-the-world-2015-4>
- Lamberton, C. P., & Rose, R. L. (2012). When is ours better than mine? A framework for understanding and altering participation in commercial sharing systems. *Journal of Marketing*, 76(4), 109–125.
- Levine, D. (2015, September 1). Uber drivers granted class action status in lawsuit over employment. *Reuters*. Retrieved from <http://www.reuters.com/article/us-uber-tech-drivers-lawsuit-idUSKCN0R140920150901>
- Macmillan, D. (2016, January 24). GM invests \$500 million in Lyft, plans system in self-driving cars. *The Wall Street Journal*. Retrieved from <http://www.wsj.com/articles/gm-invests-500-million-in-lyft-plans-system-for-self-driving-cars-1451914204>
- Macmillan, D., & Demos, T. (2015, July 31). Uber valued at more than \$50 billion. *The Wall Street Journal*. Retrieved from <http://www.wsj.com/articles/uber-valued-at-more-than-50-billion-1438367457>
- Molesworth, M., Watkins, R., & Denegri-Knott, J. (2016). Possession work on hosted digital consumption objects as consumer ensnarement. *Journal of the Association for Consumer Research*, 1(2), 246–261.
- O'Brien, S. A. (2015, June 22). The Uber effect: Instacart shifts away from contract workers. *CNN Money*. Retrieved from <http://money.cnn.com/2015/06/22/technology/instacart-employee-option/>

- Opkins, N. (2010, December 30). *Independent contractor versus employee status: A global perspective*. Retrieved from Association of Corporate Council website: <http://www.acc.com/legalresources/quickcounsel/Independent-Contractor-verses-Employee-Status-A-Global-Perspective.cfm?makepdf=1>
- Payton, S. (2014, May 12). Attention, micropreneurs: You're not alone in small business. *Forbes*. Retrieved from <http://www.forbes.com/sites/allbusiness/2014/05/12/attention-micropreneurs-youre-not-alone-in-small-business/>
- Phillip, H. E., Ozanne, L. K., & Ballantine, P. W. (2015). Examining temporary disposition and acquisition in peer-to-peer renting. *Journal of Marketing Management*, 31(11–12), 1310–1332.
- Price, L. L., & Belk, R. W. (2016). Consumer ownership and sharing: Introduction to the issue. *Journal of the Association for Consumer Research*, 1(2), 193–197.
- PricewaterhouseCoopers LLP. (2015). *The sharing economy: Consumer intelligence series*. Retrieved from <http://www.pwc.com/us/en/industry/entertainment-media/publications/consumer-intelligence-series/assets/pwc-cis-sharing-economy.pdf>
- Pride, W. M., & Ferrell, O. C. (2016). *Marketing* (18th ed.). Boston, MA: Cengage Learning.
- Pride, W. M., & Ferrell, O. C. (2017). *Marketing* (2017 ed.). Mason, OH: South-Western Cengage Learning.
- Rinehart, W., & Gitis, B. (2015, July 29). *Independent contractors and the emerging gig economy*. Retrieved from American Action Forum website: <http://americanactionforum.org/research/independent-contractors-and-the-emerging-gig-economy>
- Rudmin, F. (2016). The consumer science of sharing: A discussant's observations. *Journal of the Association for Consumer Research*, 1(2), 198–209.
- Scaraboto, D. (2015). Selling, sharing, and everything in between: The hybrid economies of collaborative networks. *Journal of Consumer Research*, 42(1), 152–176.
- Shirouzu, N. (2016, February 9). Millennials are shifting car ownership model; ask Toyota. *Reuters*. Retrieved from <http://www.reuters.com/article/us-autos-toyota-millennials-idUSKCN0VI295>
- Singer, N. (2014, August 16). In the sharing economy, workers find both freedom and uncertainty. *The New York Times*. Retrieved from http://www.nytimes.com/2014/08/17/technology/in-the-sharing-economy-workers-find-both-freedom-and-uncertainty.html?_r=1
- Smith, A. (2016, May 19). *Shared, collaborative and on demand: The new digital economy*. Retrieved from Pew Research Center website: <http://www.pewinternet.org/2016/05/19/the-new-digital-economy/>
- Somerville, H. (2015, September 10). Uber has lost again in the fight over how to classify its drivers. *Business Insider*. Retrieved from <http://www.businessinsider.com/uber-independent-contractors-or-employee-2015-9>
- Steinmetz, K. (2016, January 6). The way we work. A new poll reveals the size of the peer-to-peer revolution. *Time*, 46–49.
- Sundararajan, A. (2015, July 26). The “gig economy” is coming. What will it mean for work? *The Guardian*. Retrieved from <http://www.theguardian.com/commentisfree/2015/jul/26/will-we-get-by-gig-economy>
- Telles, R., Jr. (2016). *Digital matching firms: A new definition in the “sharing economy” space*. Retrieved from Office of the Chief Economist, Economics and Statistics Administration, U.S. Department of Commerce website: <https://www.esa.gov/sites/default/files/digital-matching-firms-new-definition-sharing-economy-space.pdf>
- Thorne, D. M., & Quinn, F. F. (2017). Supplier resources in the sharing economy: Three regulatory concerns. *Journal of Marketing Channels*, 24(1–2), 73–83.
- Van Dijck, J. (2013). *The culture of connectivity*. New York, NY: Oxford University Press.
- Weber, T. A. (2014). Intermediation in a sharing economy: Insurance, moral hazard, and rent extraction. *Journal of Management Information Systems*, 31(3), 35–71.