




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# The wisdom of collaborative consumption

Shoba Narayan

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European cities such as London have come up with bike-sharing programmes subsidised by advertisements.

Bloomberg

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Have you ever opened your wardrobe and discovered it is full of clothes but you have nothing to wear?

Economists have a term for this. They call it depreciating value of assets and there are several methods, "straight-line" and complicated, to calculate the depreciation of vehicles or electronic goods.

The psychological reason behind depreciating value has to do with the old biblical injunction against coveting. We all covet things we don't own, but the minute we acquire the object of our desire, it begins to lose its value.

The Cavalli gown that looked stunning on the mannequin in the shop window looks dreary inside your closet. That additional Nikon lens that cost a month's salary now seems extraneous on a camera that already performs well.

Collaborative consumption might be the answer. The premise behind this concept is as old as barter economies. Trading a cow for a buffalo, jointly using the village water well, Egyptian homes built around a common courtyard where women gathered to dry spices and children gathered to play - all are examples of shared resources in ancient cultures.

In the past two decades, old-fashioned sharing has morphed into successful rental businesses: witness the success of Netflix, Zipcar and CouchSurfing. Rentals give people the advantages of ownership without its accompanying burdens.

Thanks in part to the global financial downturn, and as a reaction to the excesses of the past decade, this trend is slated to become a groundswell in the coming 10 years.

As the social innovator Rachel Botsman and the serial entrepreneur Roo Rogers point out in their book *What's Mine Is Yours: the Rise of Collaborative Consumption*, networked technologies and peer-to-peer marketplaces will enable a "rapid explosion in swapping, sharing, bartering, trading and renting ... on a scale never possible before".

The population of the world will increase by 50 per cent from 6 billion to 9 billion by 2050. For each person to continue to consume the same amount of resources is unsustainable. The world has to come up with ways to spread resources among many people.

Rapid mass transit is a great example of collaborative consumption but it needs to trickle down further into mind-sets.

Several European cities including London, Lyon, Stockholm, Barcelona and Oslo have come up with bike-sharing programmes subsidised by companies that advertise on bikes that commuters can hire or borrow to ride short distances within the city, using different payment plans. Infosys Technologies in India has free bikes that employees can use to get from building to building in its sprawling campus instead of using cars.

Most IT companies in Bangalore use private buses to transport employees to and from their large campuses in Electronic City, thus reducing the number of cars on Bangalore's already choked roads.

Netjets, owned by the US billionaire investor Warren Buffett, is an example of reducing idling resources by sharing the same asset with several (very rich) people.

Freecycle is a grass-roots global network in which people exchange things they don't need with others who want their discarded items.

There are two Freecycle groups in the UAE - one in Dubai with 873 members and one in Abu Dhabi with 375 members. Such a group doesn't exist in Bangalore, where I live, so perhaps I will have to start one.

For collaborative consumption to work, the assets have to conform to certain parameters. Use cannot be heavy or consistent. The vacation villas that a number of Bollywood stars seem to have bought in the UAE, for instance, would be ideal for collaborative consumption.

Rather than build new hotels and then run the risk of having empty rooms later in an economic downturn, some enterprising social entrepreneur could come up with a nifty website that rents out all of the empty villas in the Middle East to vacationers. Such models already exist in Italy and France but are yet to make inroads in the region.

Companies such as Bag Borrow or Steal, which rent designer handbags, watches and jewellery, would be a natural fit for countries such as China, Japan and the Gulf states, where women buy a lot of luxury designer goods that then sit idle in their closets. [Next page](#)

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#### 1. paulcitarella

Great post, and spot on about the challenge of streamlining operations. A few years ago I got together with

two fiends to pool our money and purchase a boat that we now own together, and the biggest challenge that we faced was working out usage. It's a problem that should be easily solved by the current generation of online apps, but to my surprise there just weren't many options available. I was so motivated to solve this problem for myself and others, that I founded and recently launched [diyFractional.com](#) to do just that. It's an online service that helps people find partners to share ownership of just about anything, and a set of tools to help people manage the logistics of shared ownership. I've had the chance to speak to a lot of people on the fence about getting into shared ownership, and the first objection is almost always "What happens if we all want to use it at the same time?" There are now a handful of services that are focused on solving this problem as well, and hopefully as the availability and maturity of these tools improve, more people be willing to share instead of just consume.

January 10, 2011 20:00:45

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## Summary

Collaborative consumption may be the answer to the age-old problem of opening your wardrobe and finding it full of clothes, but none that you want to wear.

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