

Tourism & Hospitality Business Trends

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The Sharing Economy

Where are the Opportunities for Women?

Setting the scene

- We are in an economic crisis with 67% of South Africa's youth being jobless, having shed 21,000 jobs since 2013, the situation is exacerbated by 1,5 to 2 million new job seekers entering the fray each year.
- Until China reverts to its infrastructural investment policy and requires our commodities to drive up both the prices and the quantities produced, we will sit and languish at virtually zero growth.
- As China changes direction in creating a consumer-led economic recovery, it will need less and less of our expensive, labour-driven goods and services.
- The Eurozone is also experiencing low growth, while the US will soon be caught in a high debt trap with low growth.
- The world is so over-borrowed in public and private debt that its borrowings average 265% of the global GDP (in 2014, according to the CIA's World Fact book, the gross world product totalled approximately \$107,5 trillion in terms of purchasing power parity, and around \$78,28 trillion in nominal terms).

So what will work?

- The sharing economy is unleashing itself on the back of the internet and social media. spawned and growing at breath-taking rates, unparalleled in human history.
- These companies don't have assets to sweat!
- They have learned that the leaders of today do not rely on their authority but rather on their influence.

The game changers

- For example, Google and Apple are generating huge revenues in the relatively new app marketplace. These companies take 30% of your revenue just for placing your stock on their shelves! They don't advertise it or market it or promote it. That is up to you to go via their advertising channels which costs you more money and goes back to Google and Apple.
- They have the global shop window to the world and the delivery system that people trust with their credit cards. They don't take the risk if your app fails to perform, but they benefit hugely if it takes off as the latest 'gotta have.
- What about the other newcomers to the sharing economy, like Facebook, LinkedIn , Airbnb and Uber, to name a few?
- They have a few thousand employees each and have between 200 million to 1 billion users benefiting from being associated with their non-asset delivery systems – systems which are more efficient and cheaper.

Definition of the Sharing Economy

- The Sharing Economy is a socio-economic ecosystem built around the sharing of human and physical resources.
- It includes the shared:
 - creation,
 - production,
 - distribution, trade
 - and consumption
- of goods and services by different people and organisations.

The Sharing Economy

- Currently in its infancy
- Known most notably as a series of services and start-ups which enable P2P exchanges through technology
- This is only the beginning:
 - in its entirety and potential it is a new and alternative socio-economic system which embeds sharing and collaboration at its heart – across all aspects of social and economic life.

Aspects of the Sharing Economy

- The Sharing Economy encompasses the following aspects:
- swapping, exchanging, collective purchasing, collaborative consumption,
- shared ownership, shared value, co-operatives, co-creation,
- recycling, upcycling, re-distribution, trading used goods,
- renting, borrowing, lending, subscription based models,
- peer-to-peer, collaborative economy, circular economy,
- pay-as-you-use economy, peer-to-peer lending, micro financing,
- micro-entrepreneurship,
- social media, the Mesh, social enterprise, futurology, crowdfunding, crowdsourcing, cradle-to-cradle, open source, open data, user generated content (UGC).

Global Trends

- Millions of people all over the world have shifted their loyalty from traditional companies to the global businesses that made the concept of the Sharing Economy popular, such as:
 - Fon
 - Uber and
 - AirBnB
- And even more fundamentally, these companies and many other new thinkers like them started to re-lay the basic building blocks of commerce according to a new standard.

fon



Fon

- MWEB launched Fon in January 2014, the world's largest community-generated WiFi network, here in South Africa. MWEB hoped South Africans would be open to the idea of Fon, but they also knew that South Africans might be a little less trusting than those who lived in more developed economies.
- Fon offers all the benefits that come with the Sharing Economy with none of the risk.
- Users can safely share a portion of their unused bandwidth with other Fon subscribers at no cost and as a result, get access to all the excess bandwidth of the total, global, customer eco-system when they leave their personal hotspot and enter another's. It's a crowd-sourced, community WiFi network that gives you access to the Internet wherever you are, be it in your home, a coffee shop or any of the 15million Fon hotspots across the globe.
- Within four months of launching last January, the South African Fon network – mostly across private homes and small businesses in SA – expanded to 21 000 active hotspots and today there are over 52 000 of these community-generated hotspots across the country.
- Of these, 42% are in Gauteng, 31% in the Western Cape and 14% in KZN, with the remaining 13% split across the Eastern Cape, Northern Cape, Mpumalanga, Limpopo, North West, Free State, and Northern Province.



Uber

- Uber, which launched in Johannesburg, Cape Town and Durban in August 2013, and later also in Pretoria, seems to be gaining massive popular acceptance (since 2008)
- On-demand, app-powered private driver service has reportedly cornered some significant market share from the traditional taxi business.
- Uber uses technology to ensure that cars are available when people want them wherever and whenever they are.
- According to Uber's Cape Town MD Anthony le Roux, the service – which creates entrepreneurship opportunities for its driver-partners – has generated 2000 jobs in SA since launching, with another 15 000 expected in the next two years. Globally Uber generates 50 000 jobs every month on its platform.
- Since its launch in 2009 the Uber network has expanded to 300 cities in 60 countries spanning 6 continents.
- “the future is bright for Uber and the Sharing Economy”. Uber believes there is political momentum in many countries to embrace technology services that address high unemployment and economic recovery and in South Africa specifically, one of its top goals is to create economic opportunity and benefits for the people of South Africa.



Airbnb

- Another incredible success story, which like Uber is not without controversy but still seems to have gained enormous consumer acceptance across the globe, is that of AirBnB.
- Launched in 2008, the room-letting website is already available in 190 countries and 34 000 cities around the world.
- It already has over 9400 listings in various cities and towns across South Africa. Clearly South Africans are waking up to the financial, social and lifestyle benefits of tapping into this global network.
- The new age rental service positions itself as a “trusted community marketplace for people to list, discover, and book unique accommodations around the world — online or from a mobile phone or tablet”.
- It offers people around the world the opportunity to monetise their living spaces and to play host to travelers from around the world, while offering travelers home-based accommodation at any price point by renting out anything from small apartments to gigantic mansions.
- All of these examples bare testament to the growing popularity of ‘collaborative consumption’ – of swapping, sharing or renting out what is yours to a likeminded community.

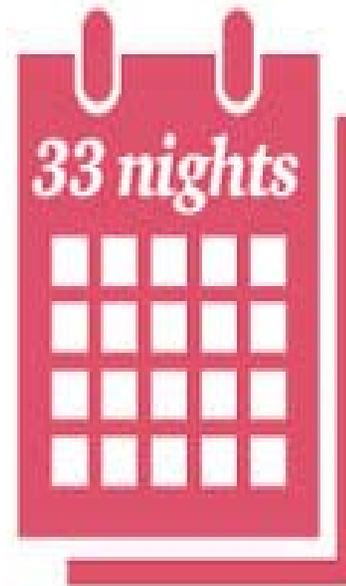
Hotels

The sharing model has been made possible by digital platforms and changing social norms



of travellers
would be happy to rent
someone else's holiday house

In the UK, the typical *Airbnb* host
earns £2,822 renting out a room
for 33 nights a year



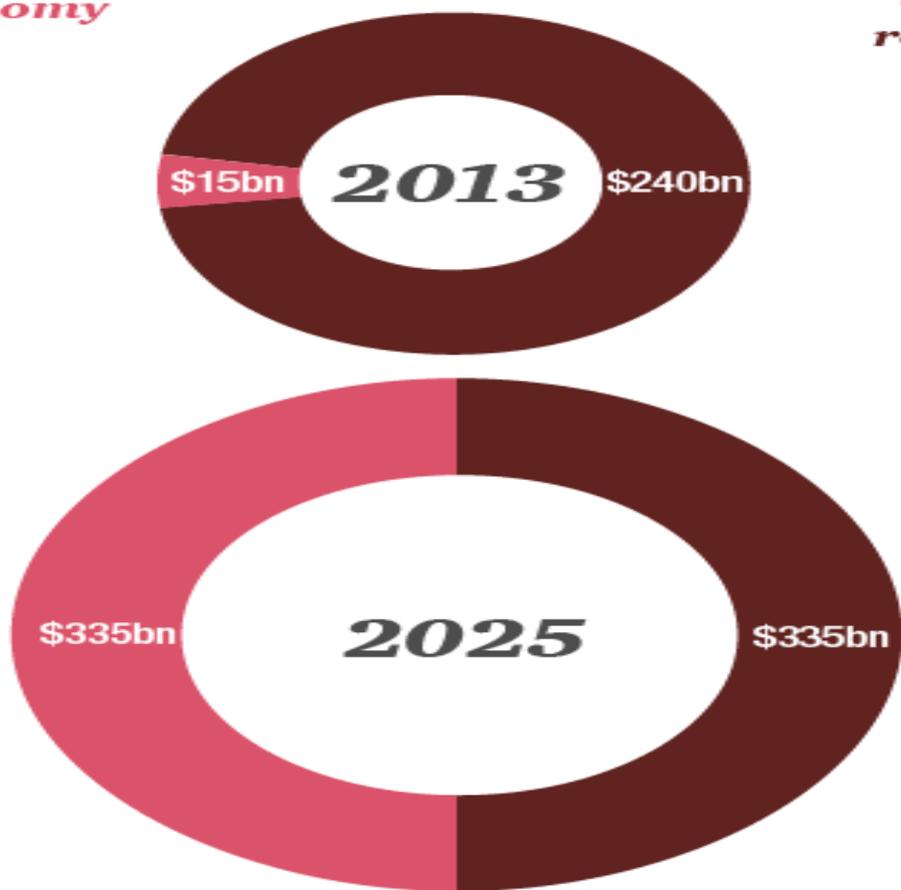
Sharing economy sector and traditional rental sector projected revenue growth

Sharing economy sector

-  Peer-to-peer lending and crowdfunding
-  Online staffing
-  Peer-to-peer accommodation
-  Car sharing
-  Music and video streaming

Traditional rental sector

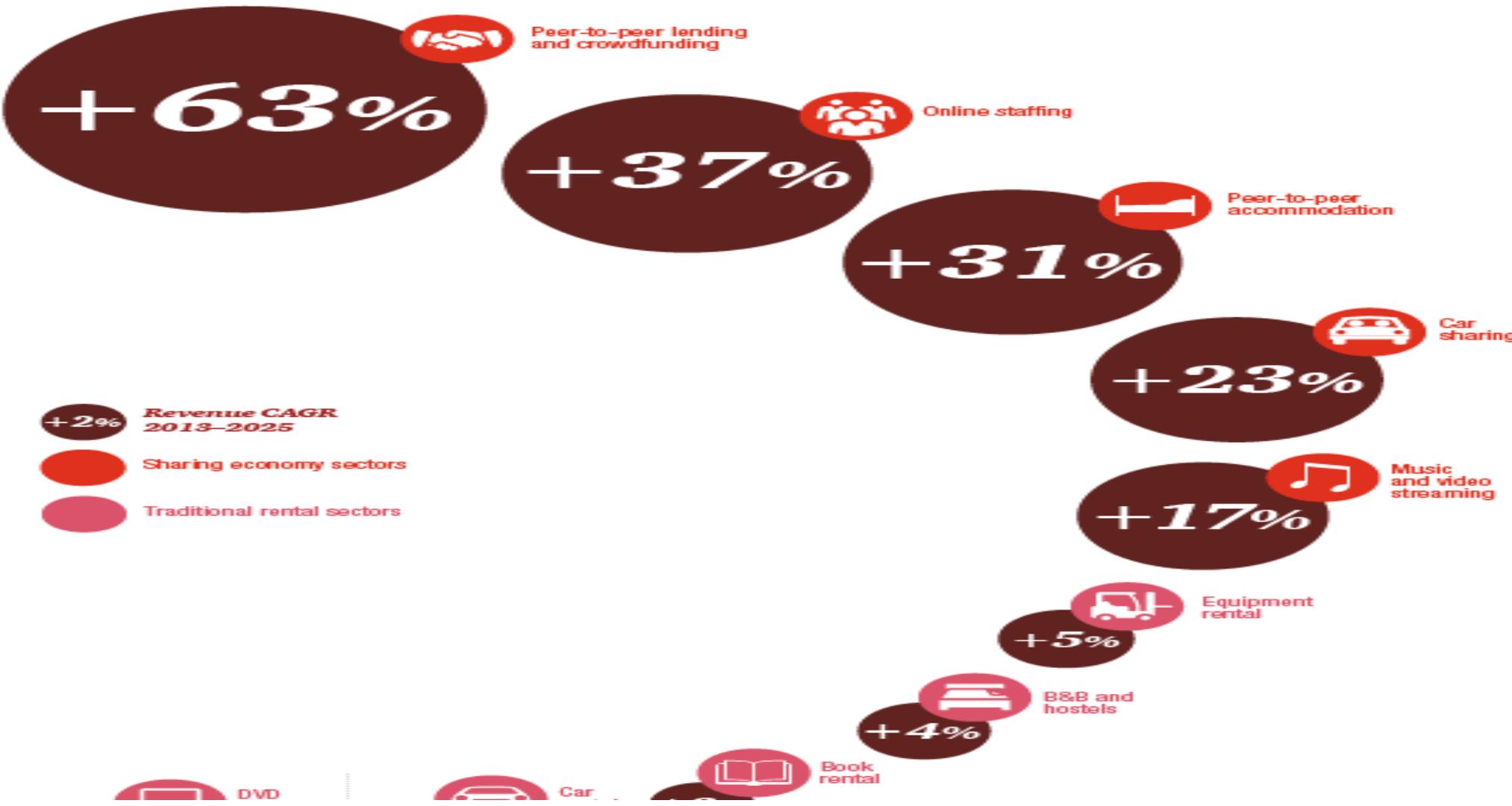
-  Equipment rental
-  B&B and hostels
-  Book rental
-  Car rental
-  DVD rental



Sharing economy sectors ■ Traditional rental sectors ■

Source: PwC analysts

Sharing economy and traditional rental sector growth

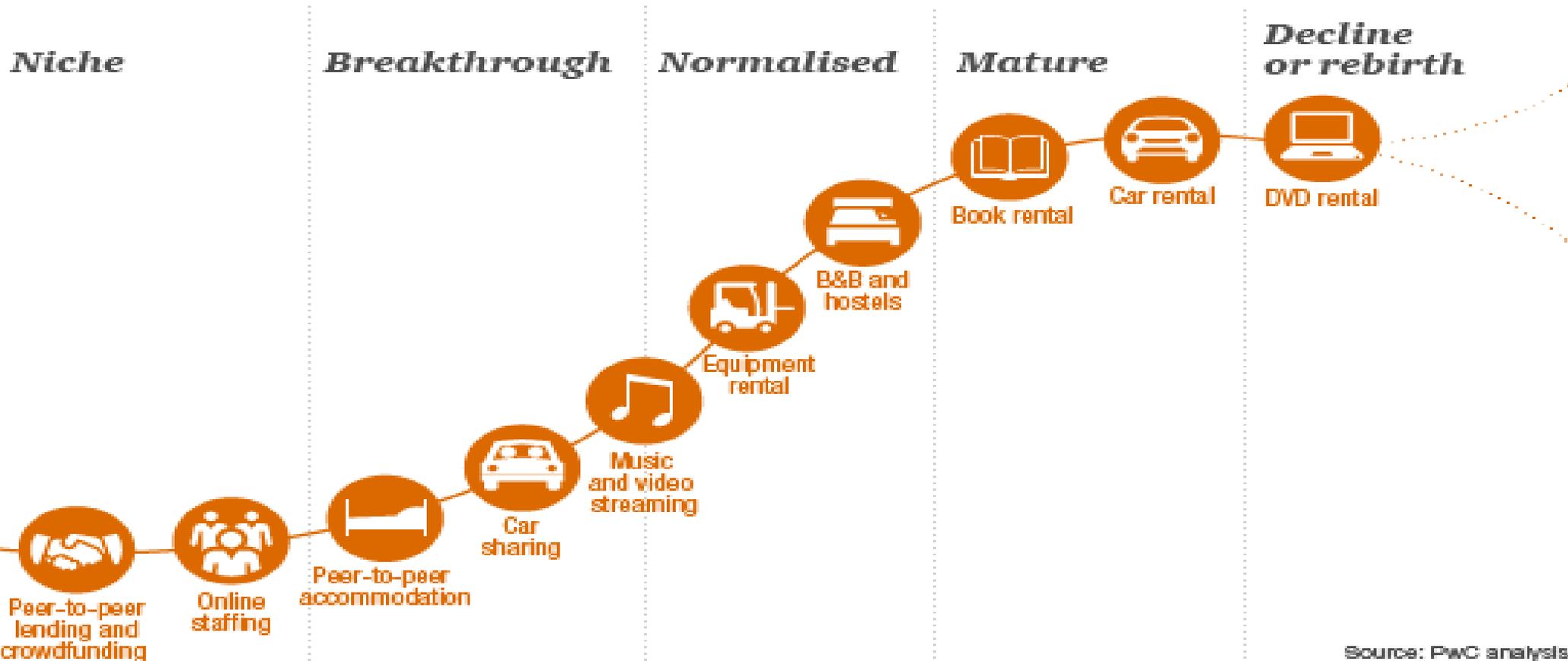


+2% Revenue CAGR 2013-2025

Sharing economy sectors

Traditional rental sectors

The sharing economy life-cycle



Source: PwC analysis

The hurdles of a sharing economy

- Displacement of traditionally secure jobs
- Part-time, low-paid work
- Unlegislated: no sectoral acts to support, self-governed
- Unregulated: business license, grading, tourism levy
- Undercutting of structured pricing: EG Fon; Uber; Airbnb

Where are the Opportunities?

- Has the idea of the Sharing Economy really taken off in South Africa?
- Are South Africans as open to embracing the global sharing phenomenon as their early adopter cousins on the other side of the world?
- Is there an opportunity for the sharing economy to utilize the platform BBB-EE Scorecard offers?
 - Ownership
 - Black Senior Management
 - Especially women
 - Skills Development
 - Enterprise & Supplier Development (ESD)
 - Social Economic Development

Creation of new concepts

- How do entrepreneurs position themselves?
- Enterprise and Supplier Development
 - Sharing technology
 - Sharing resources
 - Sharing funding
 - Innovative products
- Recycling Waste Company?
- Laundry Services?
- On-line shopping: food and beverage; guest supplies; chemicals?
- On-line staffing?



Discussion

Sources: PwC Analysis; Caroline Holgate (GM of Mweb Connect);

***Benita Matofska, Chief Sharer, The People who Share**