

# THE SHARING ECONOMY'S SUCCESS: ADVANTAGES, DRAWBACKS, AND APPLICATIONS

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## ABSTRACT

The emergence of intermediary platforms created networks that facilitate peer-to-peer interactions, as well as encourage the sharing of goods and services within the context of collaborative consumption and cost saving. This article sets out to inspect "why the sharing economy is so successful" and provide a critical viewpoint on the topic's essential ideas, while also taking a perspective on the advantages and disadvantages that affect the end users. A literature review paired with case studies of Airbnb, Uber, and other applications of the shared economy, looks upon how despite their rapid market growth in the past decade and public approval, such platforms caused disruptions to the markets they operate in. Results indicate that by being involved as a part of the collaborative consumption ecosystem, either as a provider or a user, the absence of personal ownership is key, while the utilisation of the product needs to be maximised to result in a pleasant experience. However, it is critical that the development of these platforms which thrive on connecting people stays closely monitored by regulatory bodies, and that the legislation needed for prevention of unethical practices follows quickly enough to ensure rightful operation.

**Keywords:** Business models and considerations, Societal consequences, Market implications, Case study, Sharing economy

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# 1 INTRODUCTION

Collaborative, access, platform, and community-based economy are just a few of the terms that have been used to describe the idea of the sharing economy (Belk, 2014). The sharing economy refers to a wide range of business models that help shape urban environments and markets by allowing products and services, as well as abilities and places to be shared, rented, leased, or even swapped (Mont et al., 2020). By cutting expenses and allowing access to unused resources, the sharing economy supplies more than it is needed, promoting interactions through its network, which allows for unparalleled expandability (Acquier et al., 2017, as cited in Geissinger et al., 2020).

Furthermore, the sharing economy possesses the ability to reduce the consumption of resources in the current economy. It can boost product usage intensity by removing the necessity of owning a product to meet personal demands (Byers et al., 2015). It also has potential to contribute to sustainable development of economy and society (Heinrichs, 2013). Some of the biggest and best-known examples of shared economy businesses are Uber and Airbnb (Cheng, 2016) which are essentially service-providing platforms that allow users to use the sharing network (Kathan et al., 2016).

The derivatives of the sharing economy have often been praised for their advantages; namely, lower overall consumption, resource conservation and sustainability, increased number of choices, reduced customer costs and decreased fixed expenses (Richter et al., 2017). However, some research shows that the sharing economy might not be the future of societal consumption (Murillo et al., 2017). Problems arise when an idea, created to enable cheaper access to services, starts to repeat the capitalist market's disparities in new ways (Schor and Fitzmaurice, 2015). Those issues include employment disadvantages, increased economic costs for third parties i.e., increased property prices, and other psychological and social costs such as discrimination, bias, and discomfort (Köbis et al., 2020).

This paper examines the rapid evolution of the sharing economy that has happened in the last decade. Furthermore, it dissects the collaborative economy's advantages and disadvantages when used on a large scale in a successful setting. In addition, the goal is to investigate the accomplishments of big providers of such services, the cases of Airbnb and Uber, which have now become ubiquitous concepts of the future economy. Further, the objective of the article is to explore how large corporations that thrived on the usage of the sharing economy have both positive and negative sides to the story. Consequently, the following research questions will be addressed in this paper:

- How did the sharing economy become so successful in modern society?
- What are the positive and the negative sides of the sharing economy from the users' point of view?

# 2 METHOD

The method used in this paper is a literature review. Search engines such as Oria, ResearchGate, and Google Scholar, and keywords 'sharing economy', 'collaborative consumption', 'future of consumption', 'market development', 'platform sharing' and similar were used. These keywords yielded an astronomical number of results, e.g., searching for the phrase 'sharing economy' in Oria produced over 600,000 results. These numerous results come from authors focusing exclusively on economic aspects, entrepreneurship, and optimization on one hand, and sustainability and the ecological footprint on the other hand. The sources were narrowed down to those concentrating on the social aspects of the sharing economy, along with those looking at the impacts the sharing economy has on its end users.

To further scale down the number of sources, they were filtered down to those that have been peer-reviewed and highly cited. Additionally, to systematically narrow down the literature search, a combination of keywords combined with the phrase 'sharing economy' was used. These included 'sharing economy' AND advantages AND disadvantages, 'sharing economy' AND future, AND 'sharing economy' AND growth AND success.

The literature reviewed was published between the years 1973 and 2022. However, as the topic of the sharing economy has been a focal point of research, most of the articles were from the 21st century. During the process of reviewing different articles, other relevant papers have also been examined and assessed. This process of sifting through articles resulted in a selection of core papers, which outlined collaborative consumption trends, its business model, and the results it has produced. Holistic research was sought after to consider many aspects of the sharing economy system, rather than focusing on one particular approach that may disregard the vastness of collaborative consumption. In addition to the

literature review, this paper also adopts a case study research methodology to better understand how Uber and Airbnb, became successful in applying sharing economy principles. The case study research strategy focused on understanding complex social phenomena in a real-life setting (Yin, 2018). Large organizations are most often subjected to case study research, but engagement in country-specific and/or culture-specific sharing economies proved to be effective in examining the intricate concept of collaborative consumption.

### 3 FINDINGS

#### 3.1 Success of the sharing economy

Being 'as old as humankind' (Belk, 2014), sharing is a phenomenon that has been used for centuries (Kathan et al., 2016) and is here to stay being utilised in various ways. However, the widespread practice of the sharing economy has been augmented significantly since the appearance of the internet and other supporting tools (Belk, 2014). This omnipresence of the internet contributed to the success of the sharing economy (Cohen and Kietzmann, 2014) because it allows for accessing peer-to-peer platforms that can increase efficiency, connecting the offline and the online world (Cheng, 2016). Equally important is the fact that the availability of the internet, mobile phones, and Information Communications Technology (ICT) has become the standard in developed countries (Richter et al., 2017), giving people access to the online exchange of information and services (Hamari et al., 2016). Another aspect that was crucial for facilitating a "sharing economy", was the 2008 economic crisis, when people lost their houses, cars, and assets, and as a result became more price conscious (Belk, 2014). This period led by the narrative of individual consumerism ended when a paradigm shift occurred. The collaborative consumption idea was awakened, as a way that was capable of reducing individual usage costs, while providing utilitarian benefits (Colin and Brangier, 2021). A combination of searching for the most cost-effective way of consumption paired with the rapid expansion of ICT created a fertile environment for the boom of collaborative platforms based on the sharing economy.

The sharing economy is fuelled by three primary elements: underused resources, peer-to-peer engagement, and network efficiency (Chase, 2015, as cited in Hossain, 2020). Also known as consumption without ownership (Arcidiacono et al., 2018; Botsman and Rogers, 2010), this way that radically changed the efficiency of resource utilisation (Andreoni, 2020) is an innovation that also empowers individuals and creates environmental, economic, and social values (Martin, 2016).

The success of the sharing economy largely comes from the numerous benefits that it provides to users as opposed to regular consumption. For example, lodging, carpooling, and car sharing are some of the most successful examples of what the sharing economy has to offer (Colin and Brangier, 2021). The average car spends 95% of its lifetime parked while a power drill is only in use between 6 and 13 minutes during its lifespan (Shoup, 1997). Statistics like these, gave a comprehensive perspective on the total usage of common items, shining light on the underutilisation of some products we can frequently find in a single household. As the sharing economy lays its foundations on consumption without ownership, in the case of car usage, users do not have to worry about regular car-related upkeep, such as maintenance, parking fees, fuel, and insurance (Belk, 2014).

Among the diverse selection of services and products, provided by the sharing economy platforms, many are of higher quality while being less expensive than conventional solutions (Juil, 2015; Shaheen et al., 2013, as cited in Cheng 2016). Between 2011 and 2012, the collaborative consumption model was popularised by the accomplishments of two Silicon Valley start-ups, Uber, and Airbnb (Martin, 2016). Their success was deeply connected with the popularization of the sharing economy and today, they are the biggest companies operating through such a business model (Buhalis et al., 2020).

Intermediaries, users, and service providers are the three categories of participants that are included in the access economy (Wasserbaur et al., 2020). Although the sharing economy's true environmental, economic, and social consequences are yet unknown, it can help cope with sustainability challenges (Mont et al., 2020). Moreover, it has been observed that those in financial distress or unemployed utilise the sharing economy the most. (Dillahunt and Malone, 2015, as cited in Kathan et al., 2016).

#### 3.2 Advantages of the sharing economy

The benefits of sharing for customers and companies have been described before when Berry and Marnicle (1973) discussed the burdens of ownership and advantages of shared use. It took 40 years,

however, for this way of consumption to achieve a significant market share in the contemporary business environment (Kathan et al., 2016). The positive sides of the sharing economy are numerous. Depending on the perspective when analysing this phenomenon, advantages affect both the end users and the intermediary platform. The created value reaches both the suppliers and their customers with transaction cost reductions (Sanasi et al., 2020). The number of participants in these processes is enormous (Sanchez-Perez et al., 2021), while the mediator companies are few.

For the participants of the sharing economy, the advantages include extra income and lower prices. Because the model operates on a peer-to-peer basis, users can save money by finding less expensive alternatives to traditional options, like hotels, when it comes to accommodation sharing. On the other hand, providers of accommodation can earn extra money by renting out unused assets, generating a new source of income. In the case of ride and car sharing, participants providing the service can have an adjustable working schedule, choosing when they work unlike it is the case when employed by traditional taxi companies. At the same time, participants requesting a ride-sharing service can reap the benefits of modern transportation without the trouble of tedious car ownership, mitigating the disadvantages usually associated with personal vehicles (Byers et al., 2015; Köbis et al., 2020).

Sharing also supports future economic interactions, in addition to the immediate cash benefits that consumers and service providers derive from participating in trust-based sharing economy behaviours. The inclination to (re)use sharing economy services is often boosted by trust in the sharing economy. Moreover, people's attitudes towards the platform itself are improved by positive experiences and a confirmation of trust. It is a continuous trust circle perpetuated by providers, the platform, and the users (Köbis et al., 2020). In other respects, social and psychological benefits for participants include authentic experiences, personal growth, and a sense of community. Those advantages come from taking part in a trust-based activity, which enables a direct connection to a private person, rather than using a traditional method that connects a user with a corporation. In the case of peer-to-peer accommodation solutions, participants reported increased satisfaction while feeling more like a local in a tourist setting (Paulauskaite et al., 2017, as cited in Köbis et al., 2020).

### 3.3 Disadvantages of the sharing economy

Despite the bountiful number of benefits coming as a result of participating in the access economy, the drawbacks are usually rarely discussed, often giving the appearance that the sharing economy is a one-sided positive experience (Köbis et al. 2020; Sundararajan, 2017). However, the negative sides have an equal presence in the realm of collaborative consumption. To begin with, the employment disadvantages reflect in the economic costs for the participants. Providers endure unfavourable employment conditions. While working a full-time job, they are considered external contractors (Schor and Atwood-Charles, 2017), not receiving benefits usually associated with that volume of labour. The lack of healthcare, pension, insurance, and in the case of vehicle sharing, the hidden cost of vehicle reimbursement, are all additional expenses usually covered by the employer, but now must be taken care of by the providers (Habibi, 2019). Moreover, the drawback of the unique shared economy experience is also one of social and psychological costs that fall onto the participants in the process of using a service based on sharing. For both the providers and the users participating in the community-based economy, unpleasant experiences are inevitable. For example, in the car-sharing industry, users worry about their safety while travelling, while providers have a fear of being paired with a troublesome rider (Sarriera et al., 2017, as cited in Köbis et al., 2020).

Additionally, some studies have shown that sharing economy platforms perpetuate discrimination and bias (Bae and Koo, 2018, as cited in Köbis et al., 2020). These have revealed that providers of the shared service dread negative and/or fake reviews (Al-Ani and Stumpp, 2016, as cited in Köbis et al., 2020), which can greatly affect their ability to continue working on the platform. Users, on the other hand, face discrimination, for instance, on accommodation-sharing platforms, where guests' booking requests are accepted based on sexual orientation, race, gender, and age (Lutz and Newlands, 2018).

The issues regarding sharing platforms, however, affect more than just users and providers. Larger platforms can dominate the market, limit the competition and in extreme cases, become monopolies. The bigger the platform becomes, the harder it gets to regulate it as well (Codagnone and Martens, 2016). Lastly, communication with the peer-to-peer (P2P) platforms is reduced to a minimum, as the major objective is to match parties while lowering transaction costs. Therefore, there is also a lack of transparency in these platforms' operations, including how they utilize their data and how they set their prices.

## 4 APPLICATIONS

### 4.1 Airbnb

Linking hosts and guests, Airbnb is a short-term rental platform offering a unique experience. Although the business takes an 8% to 18% fee for each booking, guests make use of the service the same way they would if they were booking a hotel room. However, instead of offering a hotel room, Airbnb allows hosts to advertise and charge for the use of their couch, vacant bedroom, or entire property (Wachsmuth and Weisler, 2018). Airbnb has proved its success by having grown to over 34,000 cities in 191 countries since its beginning in 2008 (Lutz and Newlands, 2018). Unlike most of the shared economy platforms, Airbnb is one of the rare ones that managed to transition to profitability in 2016 and progressed by having its initial public offering (IPO) in December 2020.

Although many users choose Airbnb to save money when travelling, the element of staying at a local's home and receiving a more authentic travel experience is the proposition of Airbnb's success (Mody et al., 2019). As a result, demand has transitioned from the traditional hotel experience in the direction of shared hospitality (PWC, 2017, as cited in Andreoni, 2020). However, Airbnb's biggest challenges are regulatory (Wachsmuth and Weisler, 2018). Whilst Airbnb was quick to admit its enormous influence, characterizing the site as a tool that democratizes travel and capital, it has been less eager to investigate its possible impact on the housing market (Crommelin et al., 2018). The starting idea of sharing a spare bedroom (Küper and Edinger-Schons, 2020) has turned into targeted property purchases whose owner's only intent is to list the property for rent on Airbnb (Bulchand-Gidumal and Melián-González, 2020).

This resulted in a complex process of gentrification in big tourist cities, for instance, New York and Paris, where properties previously available as long-term rentals have been purchased by third parties and turned into exclusively short-term ones, which in a way, creates a network of unlicensed hotels (Wachsmuth and Weisler, 2018) while simultaneously making it harder for long term tenants to afford housing. Furthermore, landlords prefer short-term vacation housing as it results in more profit. As a response, local city governments have been introducing laws that limit the number of short-term rental units and implementing regulations that aim to stop gentrification (Cromellin et al., 2018).

### 4.2 Uber

Uber, a shared transportation service where drivers are rewarded for driving during peak hours by receiving greater pay-outs (Zervas et al., 2017), operates in more than 10,000 cities daily (Uber, 2021). Uber started as a luxury vehicle hire service, providing users with an experience they could rarely be part of. Later, it transitioned to allowing people to use non-luxury vehicles, making it more affordable and providing clear information and a breakdown of the trip cost, a feature usually non-existent with traditional taxi services. Uber also offered an option to pair-up with trips with other users who might be travelling in a similar direction. It can be observed that successful collaborative consumption systems are highly efficient in satisfying many interlocking demands in the case of automobile sharing. People seek the most convenient means of transportation at the lowest cost from a strictly rational standpoint. Car sharing can satisfy these demands by locating available cars in convenient places and lowering the cost of utilising them. Customers' needs may not be limited to arranging transportation from point A to point B. People may not have enough room for a car, or they may want to share rides and have discussions on their route to work. Possibly they despise the administrative duties that come with owning a car, such as insurance, or they wish to try out various models regularly (Kathan et al., 2016).

Uber has also faced some legislative challenges during its existence (Hossain, 2020). Because Uber drivers are private persons and their cars are not considered taxis, they have been excluded from taking a licencing exam or having commercial insurance like taxis do (Kathan et al. 2016). As this puts traditional taxi driver jobs in peril, some countries made executive orders and regulations for Uber (Mont et al. 2020), while others have chosen to outright ban Uber (Malthora and Van Alstyne, 2014).

### 4.3 Other applications

Collaborative consumption includes 3 categories: 1 product-service systems (PSS); 2 Redistribution markets; 3 Collaborative lifestyle (Botsman and Rogers, 2010, as cited in Heinrichs, 2013, Codagnone and Martnes, 2016). PSS include providing users with both a product and a service in one solution, rather than prioritizing just selling a physical product. Benefits of this strategy include improved user

satisfaction, less environmental impact, and higher commercial competitiveness (Tukker, 2015). This model goes beyond commercial P2P platforms, like Uber and Airbnb. In the era of the hyper-connected world, sharing platforms acquire new meanings through various channels, largely digital. These examples include social media platforms, online learning platforms, freelance platforms, and meeting platforms for collaboration, among others. By connecting people with similar interests, these environments use sharing as a base for their successful operation. The interactions built by the platform enable various types of contact, depending on and possibilities of the platform and the active users.

Within the design domain, collaborative and manufacturing platforms have the potential to advance the sharing economy in the manufacturing industry. They provide opportunities for growth of the sharing economy in the industrial sector by encouraging creativity, efficiency, and regional economic growth through resource sharing. Platforms can make it possible to share project data, manufacturing equipment, expertise, and resources. In the design phase, open-source platforms can promote knowledge exchange and innovation (Wu et al., 2015). Sharing of specialised equipment for manufacturing can reduce costs and increase tool utilisation, while sharing expertise through online communities enables designers to quickly get valued opinions and iterate accordingly. Additionally, crowdfunding, as a method of gathering financing through sharing, can be used to fund new product development, and manufacturing endeavours, boosting industry innovation (Lukasiewicz and Santa, 2022).

On the other hand, the sharing economy has the potential to accomplish the core goals of the circular economy, which are to decrease waste and improve resource efficiency (Morseletto, 2020). These can be accomplished by deploying platforms which facilitate product reuse and conscious manufacturing. The circular economy can build on service design capabilities and sharing economy platforms to make supply-demand pairing in circular systems (Henry et al., 2021). Furthermore, by reducing reliance on specific businesses or locations, the sharing of information and resources can contribute to the development of industry resilience in the design and manufacturing sectors. An example of this is local production of parts to avoid shipping. By taking advantage of the sharing economy, the supply chain resilience can be established by redistributing tasks to crowdsource providers. Nevertheless, as sharing platforms are capable of quickly reaching a mass, they can potentially facilitate the mobilization of a significant number of individuals and organizations necessary to bring large-scale changes to advance circularity. Through the promotion of collaboration and product sharing, sharing economy platforms have the ability to minimise waste and encourage sustainability on a substantial level.

## 5 DISCUSSION

Airbnb and Uber, valued at 124 billion and 85 billion dollars respectively (Yahoo, 2021), are often accused of producing black, grey, or illegal markets, encouraging tax evasion, shifting responsibilities to their users, and generating unfair competition (Martin, 2016). Profits are typically made by these businesses through established peer-to-peer sharing models, while others carry the burden of discomfort, danger, and risk (Kathan et al., 2016). Participants who are urged to use the platform to ‘belong to’, ‘share with’, and ‘trust’ others may fail to consider the negative implications of the exchange, both for themselves and for others who are not participating. As a way of establishing and maintaining trust, trust-based commercial sharing platforms emphasise being connected to a community and urge participants to identify with these platforms' goals. For instance, the Airbnb experience translates ideals of community and hospitality into measures of locality and belongingness (Mody et al., 2019). This further encourages trust among the platform's users which is the basis of successful collaboration (Köbis et al., 2020). As the users become directly connected to the local provider (Buhalis et al., 2020) in the process of sharing resources a feeling of solidarity and bonding is created (Murillo et al., 2017).

However, providers often experience unfavourable employment conditions from a financial standpoint. Drivers on ride-sharing platforms are under a lot of pressure to satisfy incentive-based work plans but are rarely paid for extra work, or they do not own the vehicle and do not possess insurance. Even though this way of working, where one is being outsourced for a small task, creates profit for the provider in the beginning and seemingly pays for their work sufficiently, does not contribute to pension or healthcare schemes (Malhotra and van Alstyne, 2014, as cited in Kathan, 2016). Moreover, some Uber drivers also experience a more direct operation loss. At first, it may seem that the earnings made by drivers are well above the minimum wage amount. However, most forget to consider high operational costs. These include fixed costs, such as licence, registration, and insurance, and variable costs, including fuel, tire wear, preventative maintenance, repair, and cleaning of the vehicle. These expenses are often overlooked

while they quickly add up and reduce drivers' profits. Although Uber drivers are exempted from paying costly taxi licences, they miss out on the privileges of job stability, employment benefits, and legislative safeguards (Slee, 2014, as cited in Wachsmuth and Weisler, 2018).

In the case of Airbnb, its existence enables gentrification, a process in which inhabitants of a city or an area are displaced by wealthier people moving in. Instead of having a platform that enables a person to share an empty room in their house or similar, people now deliberately purchase properties for the sole purpose of listing them on Airbnb, often operating multiple ones, to gain a steady income. Even though there are both pros and cons to participating in the sharing economy, its impacts reach wider than just the audience it caters to. It can influence entire city structures and legislation procedures. The jobs created by the collaborative consumption network are often workplaces where people lack insurance, union protection and safety (Richardson, 2015).

Having this in mind, an important question arises; why is it still attractive for Uber/Airbnb or any other sharing economy platform providers to participate? In the case of peer-to-peer accommodation sharing, the vision is straightforward – Airbnb enables providers to utilise an otherwise unused asset into a property generating additional income. In contrast, providers participating in driving for Uber or other ride-sharing networks do not have such a clear overview of their utilised asset – their labour. Sharing platforms promise that by working hard you can achieve success, even if it means constantly working more than for a full-time job. Simply put, for them, the pros outweigh the cons, considering other alternatives available on the job market. Some prefer the flexibility of the schedule while others are willing to accelerate the depreciation of their vehicle in return for short-term fund gains.

The sharing economy has experienced rapid growth in the past decade, completely transforming the way people approach consumption. It has also shifted the attitude toward innovation, sustainability, and ownership. Referring back to the research questions from the introduction.

- How did the sharing economy become so successful in modern society?
- What are the positive and the negative sides of the sharing economy from the users' point of view?

Firstly, the appearance of the sharing economy was a combination of a necessary shift in resource consumption due to the limited supply of goods, and on the other hand, an innovation phenomenon heavily supported by the digital revolution and the widespread use of the internet. The rise of social networks, advancements in technology, and online platforms that facilitate P2P transactions made it possible for people to efficiently access goods and services. Moreover, the sharing economy offers many advantages previously unavailable to mass markets, like easily becoming a paid rideshare driver or having access to book an infinite number of local properties for a holiday vacation. This business model has capitalized on human trust and community to promote forms of exchange that are often more convenient, affordable, and socially connected than traditional modes of consumption. Undoubtedly, users and service providers have made intermediary platforms successful by engaging in these shared activities. In examples where a platform mimics a service that has its traditional offering, like Taxis and Uber, the service offered by the shared platform is often cheaper for the end-users.

Secondly, from the collaborative economy's users' point of view, there are multiple pros and cons. Positives include lower service/product prices and the possibility of making additional income. Next, a secure way of ensuring future business due to embracing loyalty, and finally, being a part of authentic experiences unachievable with any other way of consumption. Negative aspects cover employment disadvantages, like uncertainties, hidden costs, and unpaid benefits. Often deemed unimportant to those looking for a temporary job, these can cause compounding detriments to a person's health or their tools i.e., driving for Uber wears the driver's car down. Additionally, for some, shared consumption causes discomfort while others become targets of discrimination and bias, adding to social and psychological effects on those participating and providing in this community.

Coming from personal deductions, collaborative consumption is an incredibly powerful concept. Not only is it capable of connecting various users depending on their needs, giving them access to resources while being cost-attractive, but it also unlocks newly possible experiences achievable only through unparalleled matchmaking within a sharing platform. However, we are of the opinion that privately owned mediators in charge of developing and maintaining these sharing platforms need to be regulated by a party that prioritizes the security and wellbeing of the platform's users, instead of capitalist-based profits that might be on the intermediary's agenda. The exploitation of labour and property, in the case of Uber and Airbnb, must be backed up by extensive legislature which outlines what can and cannot be done. Only in this manner can the sharing economy become a sustainable consumption model.

Besides trying to retrospectively catch up by creating legislation, there are other ways to facilitate fair economic sharing. Service design interventions should try and address the challenges of crowd-based capitalism. Perhaps, service providers within the model should be prioritised and placed at the core of the experience. Optimization of the service could also be achieved by raising the level of empathy between all relevant stakeholders, whose communication is currently reduced to basic in-app responses. Identifying these seemingly obvious issues within the ecosystem by performing user research needs to result in creating an evolved service that does not compromise on user experience for the sake of profit.

## 6 CONCLUSION

Literature has shown that the sharing economy correlates its success with the number of users it encapsulates. However, it also shows that unless it is being heavily regulated by a third party it can become dangerously disruptive, both to the users and providers, while causing uncompetitive markets using strong influence and accessibility. Regulations that limit the freedom of the platform or the lack thereof, are crucial for maintaining a healthy environment in which both peers (P2P) can reap the benefits of the service. It is also important not to judge these platforms existing separately from others, as their influence is far more reaching than just to the users that they have direct contact with.

The positive impact of the sharing economy can be seen in its ability to offer various alternatives for already present products and ideas. What is more, the collaborative consumption model produces new demand, as it allows new services and products to be used. This perpetual way of fuelling the system is called Say's Law (Zervas et al., 2017). According to it, the money created by previous production and sale of commodities is the source of spending that drives demand for present output.

The increasing number of people participating in the sharing economy tests the limitations of collaborative consumption platforms that offer a unique way of accessing resources. Even though the sharing economy platforms have proven their success in instances such as Uber and Airbnb, multiple local governments have been trying to ban the activity of these platforms. These concerns stem from the drawbacks the shared economy giants have had on the environment they operate in. Whilst this crowd-based capitalism carries both advantages and disadvantages, users and providers still actively choose to stay active on these services, fuelling further growth that requires regulation-bending legislation.

Based on this literature study, the phenomenon of collaborative consumption appears as a promising step in the future and the absence of personal ownership, maximizing the utilisation of products while reducing the number of them needed to offer everyone a pleasant experience. It also holds potential to become a sustainable model of modern consumption and a great tool in the design process. However, it is critical that the development of these platforms thriving on connecting various people stays closely monitored by regulatory bodies, and that the legislation needed for the prevention of unethical practices follows quickly enough to ensure rightful operation.

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