SOCIAL SHARING: A NEW PARADIGM FOR SOCIAL ENTERPRISE?

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Abstract

This paper aims at exploring the potential of collaborative economy mechanisms in the field of social economy and their potential for innovation in the lines of action of social enterprises. The label “sharing economy” is getting an increasing popularity as of the great and recent success of several business companies such as Airbnb, Spotify, Blablacar, Car2Go or Uber. A growing attention is devoted to collaboration and co-production of services too as the explosion of Crowdfunding and Co-working is nurturing the charm of these new and fancy organizational schemes for both the production and distribution of services in the age of internet and social media. In the field of Social Economy, at the same time, a growing awareness is assigned to social innovation, to the need of new patterns of relations between third sector organization and the public agencies and innovative business model for social enterprises. The two streams of ideas and actual experiences, however, seems to develop in separate domains as the social economy debate is often captured by the potentials of technology more than the sharing action itself, and its transformative consequences. As of social innovation, though, many proposals are lacking freshness and still refer to a context of solid public coverage of welfare services, but State funding is decreasing and there are no sign of that a sea change will be taking place in the near future. New movements, however, are emerging around the idea of “sharing” or collaborating (collaborative economy): collaborative consumption, open source, the makers movement, horizontal governance schemes, etc. Although not every collaborative projects pertain the social arena many of them involve social enterprises or other organizations of the third sector. Some others are business oriented initiatives but still have a social impact. The most interesting ventures, in fact, trace new schemes for governing and managing both private and public goods. This is the case of some old and historical cinemas or theaters, or even hotels been closed down for years breathing new life in the form of a community cooperative whose associates are its audience. Some projects adopt smart technologies and social media, some are more traditional but still suggest that innovation may come from bringing together the idea of sharing, participation and new schemes for the production and delivering of services. The paper will explore some of these projects and discuss the interrogative outlined in its title: is this a new paradigm for social enterprises? Is there a market space for these experiences? In which areas can we expect a flourishing of social sharing initiatives?
1. Introduction

This paper aims at exploring the potential of collaborative economy mechanisms in the field of social economy and their role for innovation in the lines of action of social enterprises.

The label “sharing economy” is getting an increasing popularity as of the great and recent success of several business companies such as Airbnb, Spotify, Couchsurfing, Blablacar, Car2Go or Uber. A growing attention is devoted to collaboration and co-production of services too as the explosion of Crowdfunding and Co-working is nurturing the charm of these new and fancy organizational schemes for both the production and distribution of services in the age of internet and social media. In the field of Social Economy, at the same time, a growing awareness is assigned to social innovation, to the need of new patterns of relations between third sector organization and the public agencies and innovative business model for social enterprises.

The two streams of ideas and actual experiences, however, seems to develop in separate domains as the social economy debate is often captured by the potentials of technology more than the sharing action itself, and its transformative consequences. As of social innovation, though, many proposals are lacking freshness and still refer to a context of solid public coverage of welfare services, but State funding is decreasing and there are no sign of that a sea change will be taking place in the near future.

New movements, however, are emerging around the idea of “sharing” or collaborating (collaborative economy): collaborative consumption, open source, the makers movement, horizontal governance schemes, etc. Although not every collaborative project pertain the social arena many of them involve social enterprises or other organizations of the third sector. Some others are business oriented initiatives but still have a social impact. The most interesting ventures, however, trace new schemes for governing and managing both private and public goods. This is the case of some old and historical cinemas or theaters been closed down for years and breathing new life in the form of a community cooperative whose associates are its audience. This is not peculiar for culture ventures, however, as similar experiences pertain small hotels, restaurants or even grocery shops, that may experience a relaunch when the abilities (and networks) of social enterprises are able to connect them to new customers and business opportunities. Some projects adopt smart technologies and social media, some are more traditional but still suggest that innovation may come from bringing together the idea of sharing, participation and new schemes for the production and delivering of services.

In this paper we present the preliminary results of an ongoing research project aimed at exploring some of these projects and discussing the interrogative outlined in its title: Is there a market space for collaborative consumption in the field of social enterprise? Can this be a new paradigm for them? In which areas can we expect a flourishing of “social sharing” initiatives?

2. Sharing economy: what is that?

Business results of a few successful start-ups like Airbnb, Spotify or BlaBlaCar is recently leading to consider the novelty and specific feature of these experience. The label «sharing economy» is commonly adopted to refer to these businesses while no clear definition of it is provided already in scientific literature. The phenomenon, in fact, is actually new and then its media (over)exposition may prevent some scholar to take it seriously, albeit more than one aspect of these innovations should justify a closer look to it in scientific research.
If one puts aside those emphatic proclamations of (again) another revolution in the air and the world changing etc., the idea of a "collaborative consumption" (another label for "sharing economy") appear more clearly in its authentic nature and anything but new. As Felson and Spaeth (1978: 614) remind us, many routine activities are in fact acts of collaborative consumption as "one or more persons consume economic goods or services in the process of engaging in joint activities with one or more others. For example, drinking beer with friends, eating meals with relatives, driving to visit someone or using a washing machine for family laundry are acts of collaborative consumption". The internet and smart technologies, however, change both the scope and business potential of these activities albeit even Felson and Spaeth (1978: 623) almost 40 years ago pointed out that "Collaborative consumption may or may not involve direct physical contact between collaborators".

In fact, «multisided platforms» (MSPs) such as eBay, Facebook, Airbnb, Uber, etc., create value as they enable direct interactions between multiple customer groups and reduce search costs or transaction costs (or both) for participants (Hagiu, 2014). Differently from product platforms or resellers, within MSPs each group of participants are customers of the MSP and the MSP enables a direct interaction between the sides.

Business success for most of these applications, however, seems to go beyond cost or time savings. A recent research (Hamari et al., 2015) tries to shed some light on the motivations for people to participate in collaborative consumption. According to this study many factors are involved such as sustainability, enjoyment derived from the activity itself as well as economic gains. Sustainability, however, seems to be important just for people already inclined to ecological consumption. According to Leismann et al. (2013), however, «using rather than owing» strategies embodied in collaborative consumption practices have an high potential in conserving natural resources and protecting the environment as long as the framework conditions associated with the use of services do not exceed the savings achieved by the rationalization of consume allowed by the sharing.

Other aspects are less covered in the albeit still restricted literature on the subject as no one apparently traces any connection between the increasing popularity of the «sharing economy» and the deepest and longest economy crisis that the developed world has ever seen. Of course to share is “cool” and social networks made this happening so that so many people are now crazy about “sharing” almost anything, but we cannot deny that many sharing services are so popular also because they are cheaper and the crisis has had a deep and profound negative effect on the disposable income of many people in the last ten years. With some popular sharing services such as Uber people accepts to use non professional instead of professional services just because it is cheaper. The mediating effect of an App and the excitement of being part of a peer-to-peer on-line community has had the power to actually change the status and perception of saving-oriented or unconventional or even regrettable behaviors. Think of BlaBlaCar and hitchhiking... Maybe that is “cool” for someone but still many countries have laws that prohibits it...

Although the initial reaction to innovations brought by sharing economy has sometimes been worried if not annoyed (think of taxi drivers reaction to the increasing popularity of Uber or BlaBlaCar or the historical opposition of the auto industry to car sharing), many scholars (Siricharoen, 2012) and business analysts (Owyang, 2013) including MIT’s Sloan Management Review Matzler, Veider and Kathan (2015) are convinced that companies can benefit from the trend toward «collaborative consumption» as an

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1 See also: collaborativeconsumption.com
2 In this study a close examination of selected case studies is provided either for textile swapping, tool hire and chemical leasing.
3 According to Owyang (2013) every car-sharing vehicle reduces car ownership by 9-13 vehicles and that results in a revenue loss of at least $ 270.000 to an average car manufacturer.
opportunity to innovate their offerings through creative new approaches either in the production and
distribution phases of their products and services. Their recommendations entails different aspects of
business strategy and marketing: 1) Sell the use, not the product; 2) Support your customers in their
attempts to resell; 3) Take advantage of unused resources and capacities; 4) Provide repair and
maintenance services; 5) Align with collaborative consumption to target new customers; 6) Find new
business models based on the sharing economy.

3. When cinema turns into a community experience

«Anonima Impresa Sociale» is a cooperative venture founded in August 2014 by 4 young people, as they
aimed at the regeneration and relaunching of an historical cinema called “Modernissimo d’Essai” located in
the downtown of Perugia and being closed down for more than 14 years. The cooperative, in fact, has been
founded as part of a process of citizens’ participation and involvement, as the potential audience of the
new cinema called «Post-Modernissimo» have been offered the opportunity to sustain the project and turn
themselves from mere audience to financers and associates of the new venture.

The sharing of the cultural project and the actual participation of many citizens of the population of Perugia
must been considered as crucial assets for the project and playing a critical part in supporting the start-up
of the cinema as it facilitated the access to the capital market for the new cooperative. Although not
exclusively or strictly technology-based, the adoption of technology means (mostly the web and social
media) was crucial for the effectiveness of the participative process that has been activated by the new
cooperative, both for building a community for the project and managing communication.

The old and historical cinema was opened in the thirties of the XX century. At first it was called Cinema
Carmine, then Modernissimo (in the fifties) and later on Modernissimo d’Essay, until its closing in 2000. The
new name of either the project and the cinema (Postmodernissimo), in fact, aims at communicating both
its ties with the past and the long-lasting history of the Cinema and, at the same time, the determination to
carry out a new project aimed at the future. Up to now, in fact, most cinemas are no more than a
projection room and a ticketing desk. The deep crisis of the movies industry, however, should be faced –
the people at the cooperative say – with new formats. For them the challenge is turning these locations
into truly multipurpose cultural venues as like they are doing for «Postmodernissimo». After the renovation
of the building, in fact, the old cinema turned into a small flexible venue for either quality movies, shows
and visual arts in the ancient downtown of Perugia. In a few months the venue hosted many cultural
initiatives from music and cultural festivals to exhibition shows, from meetings to press conferences,
concerts, theater plays... and movies projections of course. All of these initiatives have been organized and
managed by different groups and associations and that allowed the Postmodernissimo to become a shared
and participated location and project for many individuals and civil bodies of the town of Perugia.

The cultural project of the social enterprise is well captured in some tranches of the cooperative’s business
plan.

«Postmodernissimo was launched after many years of market analysis of Italian and European movies
industries, an attentive projection of what the future of cinemas would be and trying to answer the simplest
question at the origin of movies industry: “Why do people make a movie?”; the answer is quite simple: “A
movie is made for an audience”. Postmodernissimo has been started with the aim of doing what other
projection rooms cannot do: have as many people as possible seeing as many movies as possible. Beside
being the ideal cinema for seeing the best and most interesting movies of the season Postmodernissimo is
also the ideal location in town for meeting people who share common interests as well as professionals of
the cinema, show business and visual arts in general. Postmodernissimo devotes its facilities to educational initiatives too as it hosts masters and conferences with the most important authors of cinema, writers, musicians, Italian and international artists. Postmodernissimo host musical festivals, retrospectives, art exhibitions on a regular basis al well as training activities in the field of cinema and other cultural activities in close cooperation with professionals and cultural institutions. Postmodernissimo is the cultural center devoted to visual arts that is missing in the Umbrian region. Postmodernissimo has an hall and many flexible spaces that can be operated either as art galleries, exhibition center, music hall or cultural agora.

The investment needed by the project exceed € 300.000 either for the building renovation, new furnishing and technical equipment. Thanks to this investment three new projection rooms have been set up (respectively: 158, 60 and 30 seats), a bar with an independent entrance, a bookstore, a store for cinema and movies items, an art gallery and a big and multipurpose hall.

Financial resources have been collected either by the promoters and founder of the social enterprise, common citizens who decided to sustain the project with donations or becoming associates of the cooperative, a loan granted by Banca Etica and a soft loan of Regione Umbria as part of a European program. The project, in fact, can be seen as a good practice in getting together either private, public and European funds.

What is interesting here is citizen involvement in the project. As a matter of fact that has revealed to be a real strategic asset for the success of the initiative. Promoters presented it as an open project since the beginning: the press conference was held the day that the renovation begun, a temporary office has been open within the building site throughout the works period so that anybody could come and ask questions about the project, get involved in it and see the development of the works. At the same time a web site has been launched and that again played a relevant part in the success of the initiative as a virtual community could be built and that acted as a powerful instrument for communication and involvement.

Citizen participation has been promoted in several ways. First of all everybody has been allowed to be an associate of the cooperative. Today «Anonima Impresa Sociale» counts more than 50 associates. 4 of them are workers while the others subscribed capital shares from a minimum of € 100 to a maximum of € 5.000. Citizen, however, have been allowed to sustain the start-up phase of the cinema with donations. The website, again, has been crucial, as a crowdfunding campaign has been launched from the site and reached more than 700 people from August to December of 2014. Donations could vary from a minimum of € 10 to a maximum of € 1.000. As of the virtual community, than counts now more than 5.000 people registered to the site. Although real involvement varies a lot, all of them share the cultural project and that is part of the social and communitarian nature of the initiative. Lastly, regular audience meetings are held since the opening. During these meetings sort of a “just in time” reporting is provided, covering both financial and managerial issues, as future programs and initiatives are discussed.

4. When technology meets the human

Francesco Ardito is a watchful observer and the business idea for his new start-up project called «Last minute sotto casa» (Last minute in the neighborhood) came to his mind on his way back home in Turin, Italy, sometimes in 2014 as he was seeing those huge leftovers bags outside of bakeries and deli shop in his neighborhood, just before their closing time. He was critical about food waste and decided to do something in this field.
Food waste is one of the curses of our age. Over 100 million tonnes of food are wasted annually in the EU (European Commission, 2015) and almost one-third of the edible parts of food produced for human consumption gets lost or wasted at the world-level (FAO, 2011). Roughly, it is 1.3 billion tons per year (more than 100 kg on a per-capita basis), as much as 750 billions dollars of value. Food waste is a nonsense and its negative impact on economy and society is even more relevant than it appears looking at these figures as a comprehensive estimate should take into account the impressive amounts of resources (and emissions) connected to food production.

In developed countries waste mostly happens at the consumption stage as tons of food is discarded even if it is still suitable for human consumption and of course much more food is wasted in the industrialized world than in developing countries. According to the “Global Food Losses and Food Waste” Report (FAO, 2011: vi) «The causes of food losses and waste in medium/high-income countries mainly relate to consumer behaviour as well as to a lack of coordination between different actors in the supply chain. Farmer-buyer sales agreements may contribute to quantities of farm crops being wasted. Food can be wasted due to quality standards, which reject food items not perfect in shape or appearance. At the consumer level, insufficient purchase planning and expiring ‘best-before-dates’ also cause large amounts of waste, in combination with the careless attitude of those consumers who can afford to waste food».

As the FAO report make it clear, at least part of the problem is due to a lack of coordination among the main players of food industry. At the local level, in fact, there are plenty of food shops with daily leftovers and many potential customers interested in buying things at a discounted price. Although it is still a start-up project, «Last minute sotto casa» aims at bridging this gap and provide an effective mean of coordination between local food shops and their customers for food dealings at closing time.

As simple as this: a web site and an app for tablet and smart phones, both shops and customers register to the site and complete a basic profile; from that moment on shops are allowed to upload new offers and customers would receive an alert message in their e-mail when a discounted item is offered in one of the registered shops of their neighborhood. Customers, however, can select the type of offers that they want to receive (bakeries, fish shops, butcheries, deli shops, grocery stores, restaurants, bar, fast-food, wine shops, etc.) and the desired distance for each type (one can be attracted by some expensive food offer for more than just walking distance).

At the moment (May 2015) 550 shops and more than 30.000 clients are registered to the site and dealings allowed spares of more than 10 tonnes of food.

The project binds together three elements: smart technologies, some hedonism and local proximity. The basic idea (leftovers dealings for a discount price) is not new at all. With smart technologies, however, the scope of these transactions is amplified and may involve a multitude of people in each part of the world. Technology, in fact, acts here as a mechanism for coordination and the sharing of information is instantaneous and directed just to the interested targets as mapping devices are getting more and more accurate. As reported by people at the start-up, however, the reason for being involved in the dealings seems to overcome the mere savings, either for shopkeepers and clients. As of the first they see a huge marketing potential in attracting new customers to their businesses as they come for the leftovers offers. For clients, savings are significant of course but it is not irrelevant that being involved in these transactions has an ethical impact too, and that may tickle either one’s explicit or implicit social consciousness. The project, however, has a third aspect that is critical, as technology here seems to support rather than conflict with local proximity and the development of human relations.
Although its social impact is more than evident, «Last minute sotto casa» is not a non-profit initiative. The project is still in its launching phase and all services are planned to be free of charges until the next summer (2015), its business plan, however, has been considered aggressive by many potential investors as they are aiming high and promising speed for its market development. Four lines of revenues have been outlined: a premium account for shops interested in getting higher visibility for their offers; selling of cross-selling services (e.g.: when an offer for a couple of slices of pizza is placed the app could suggest to buy a beer or a soda); a premium account for clients (e.g.: no adverts); a substitute for traditional leaflet services that could be delivered via e-mail or the app itself and targeted to all residents of specific town districts.

5. Discussion

If one thing is clear, it is that the market space for the sharing economy is getting bigger every day. Consumer always love novelty and the development process of collaborative consumption just started. Many companies in traditional markets, in fact, are adapting their marketing schemes and business models to the changing life styles and the new patterns of consumption.

As of the increasing market potential for car sharing, in 2008 the Daimler Group, the German multinational automotive corporation, decided to launch a joint venture with Europcar, the French car rental company and together they developed «car2go» the innovative and successful car sharing company (Birdsall, 2014). «car2go» has now 600.000 clients and uses approximately 10.500 automobiles manufactured by the Daimler Group, of which 1.200 are electric. Undoubtedly, one of the most successful example of how collaborative consumption can be integrated into a traditional business.

Another interesting case is that of Patagonia, the American clothing company that specialize in high-end outdoor clothing. The company is a member of several environmental movements and well know for both the quality of its products and the social and environmental consciousness of its business conduct. In 2011 the company launched a partnership with eBay as they want to support their customers in reselling their products (Lowitt, 2011). If at the beginning the idea sounded unthinkable and counterproductive from a business perspective, it turned out to be a success, mostly for the consequent boost in product visibility both on the Internet and in real life, as many more people worn Patagonia products after they were resold⁴.

The business world is rapidly changing but in this paper we are interested in the domain of social enterprises: Is there a market space for collaborative consumption in their field? Can this be a new paradigm for them? In which areas can we expect a flourishing of “social sharing” initiatives?

As the case history of «Anonima Impresa Sociale» points out, one core feature is people involvement. Common citizens become financial supporters of the cooperative, share its business plan as well as the urban regeneration project they want to launch. They also financed the renovation of the cinema with donations and are part of a real and online community, as the Internet and Social networks played a vital part in the development of participation. Within this experience, in fact, the real community of audience, cinema enthusiasts citizens, associates of the cooperative and simple donors integrate with the virtual community that developed thanks to the website and social network activism of the promoters. These were fundamental communication channels for the cultural and business project of the cooperative. At the same time the location of the Postmodernissimo, the cinema that has been renovated, is the actual place

⁴ See Matzler, Veider and Kathan (2015) for other examples of how the new logic of collaborative consumption can be integrated into traditional business.
that the member of the community can visit, taking part to the various activities. This experience shows that through participation and involvement of citizens a social enterprise has succeeded in undertaking a project that traditional entrepreneurs have not wanted or been able to carry out, even though expertise or capital were no lacking.

The second case history, «Last minute sotto casa» shows how the Internet and smart technologies can support the development of win-win solutions in the battle to food waste. The website and App offer a virtual platform for the encounter of shopkeepers with food leftovers (and in search of visibility) and clients interested in get these for a discounted price. But the outcome goes beyond the self-interests of shops and clients as each transaction makes the case for food savings, and that generates economic, social and environmental benefit for the entire community. Out of a business project. Managing of food surpluses, in fact, is fast-growing field and the main players are non-profit organizations. Many of these are catholic charitable organizations like Caritas, Banco Alimentare (the Italian Food Bank), «Last Minute Market» and many social cooperatives such as «Cauto» or «Babele». Within these experiences food surpluses are donated to non-profit organizations that organize the collection and, in some cases, the processing and distribution of food too, that is typically delivered directly to citizens with fragile economic and social or to other nonprofit organization. «Last minute sotto casa», however: is not based on donations as it supports the sale of food surpluses; does not organize the collection and distribution of food, as it provide the technology that allows a direct encounter of demand and supply (no mediation); is not non-profit. For many aspects, in fact, it demonstrates how profit-oriented initiatives targeted at promoting collaborative economy ventures may represent an important challenge to non-profit organizations. Their main source of competitive advantage, in fact, is their ability to intermediate the encounter between demand and supply at an higher level of trust, if compared to business ventures. Like many other web-based companies (e.g.: eBay), however, the business model of «Last minute sotto casa» allows direct, un-mediated, dealings of good and services, and these may have a positive impact from a social or environmental perspective. The mediating (and un-mediating) effect of technology, however, it is a matter of total indifference whether the institutional nature or the organizational form of the subject who provides it. On the opposite, the profit orientation of these company has positive effects for the encounter of the self-interests of the parts and the development of participation.

As an early stage work we do not come up with actual conclusions. A few observations, however, are the following:

- **Social enterprises should support the demand for participation and involvement of common people**, that are now easier and “handy”, thanks to the Internet and smart technologies. Citizens are not mere customers or users of goods and services but, if they are actively involved in business activities, they become co-producers, co-financiers and entrepreneurs themselves, bringing additional resources and innovative ideas to them social enterprises and their projects. These participation processes found a powerful ally in the culture of sharing, and the Internet is a powerful engine and a major driving force for the development and dissemination of these experiences.

- **Social enterprises should anchor the processes of the sharing economy to local communities.** In fact they are constantly engaged in the production of goods and services that respond to the needs of people. For this reason the processes of participation and «sharing» that they may promote should start from the needs of the community in which they operate. This is the only way for them to differentiate themselves and defend their competitive advantages, rooted in their history, identity and governance schemes.
- *Social enterprises should use the Internet and social networks to create real and virtual community for their actions,* so that they can complement their historic ability to develop and maintain networks of action between the non-profit world and the public administration.

- *Social enterprises should work and provide new idea for the regeneration of urban and rural spaces.* This may be one of the most promising field for them to experience large-scale project of sharing economy: the urban regeneration of industrial areas as well as many rural spaces, increasingly depopulated. Just think of the many abandoned public spaces, like barracks, school buildings, etc. Some may be public or private, like abandoned cinemas or theaters. Others are just private, like small hotels or historical shops that ended up in the crisis and could be regenerated by involving citizens, making them owners of these places and creating communities for the promotion of new models of economic and social development.
References


