BOLTGROUP PRODUCT INNOVATION

WHITE PAPER

Design for Sharing

by Kurt Rampton

The sharing economy is changing the way we interact with products we use. In fact, it's even changing the products themselves. Thanks to improved technology and connectivity, consumers have more options than ever to get the products and services they want—including sharing directly with other consumers. When we share on a broad scale, we often can access a wider variety of higher quality products. That's why the sharing industry is taking off. First isolated to the hospitality (Airbnb, VRBO) and transportation (Uber, Zipcar) industries, we now see sharing startups in fashion, tools, home goods, lending, workspaces, and more. Product manufacturers and designers need to pay close attention to the sharing economy to understand how it will impact their industry, their business, and their products.

Collaborative Consumption and the Sharing Economy.

Collaborative consumption refers to a new twist on traditional market behaviors, like renting, lending, and sharing. Instead of businesses owning the products, and selling or renting them to consumers, businesses become the facilitators for the transaction. They build the platform that makes the transaction possible, easy, and safe for provider and user. Sharing is just one way consumers can collaborate to get more value out of products. On-demand services like Uber, Lime, and Instacart are not sharing services in the original sense, but they use technology and social networks to connect consumers directly to shared products and service providers.

The Benefits of Sharing.

Sharing Gives Consumers Access to Better Products and Services. The sharing economy and collaborative consumption will help consumers get more value out of the products and services they consume by sharing them with other consumers. When you share products instead of owning them, you gain access to better quality and higher value products. Fashion startups like thredUP and Poshmark offer a marketplace for consumers to buy and sell lightly used designer clothing at huge discounts compared to retail. And electric scooter startups like Bird and Lime offer rides starting at $1—affordable enough for college students who need to get to class. Not bad compared to the price of ownership ($500 gets you one of the cheap scooters). Access to products and services will replace ownership of products as a status indicator in this new century.

Sharing Can be More Convenient Than Owning. Product ownership can be a blessing and a curse—ask any car or boat owner. Not only do you fork over a lot of cash up front, you are on the hook for insurance, maintenance, and storage. And once you buy a car or a boat, you are stuck with what you got. Need a pickup truck to move a couch this weekend? Or a minivan to take the kids and their friends to a movie? Too bad you bought a sedan. Sharing gives consumers the option to pay for what they need when they need it (and saves them the hassle of maintenance and storage for the rest of the time). And it gives owners the opportunity to make money from their products when they aren't using them.

Sharing is More Sustainable. The collaborative consumption economy could lead to more sustainable consumption. Many products today sit in homes and garages infrequently used and collecting dust: cars, lawn mowers, pressure washers, bicycles. And how about that prom dress or tux you've worn once? The sharing economy promises to help users get more out of every product, by sharing the product with others. That means more value extracted out of the finite resources it takes to make durable goods. As we transition from a conspicuous consumption economy to a collaborative consumption economy, we have an opportunity to reduce waste and maximize value.

The Sharing Economy is Ready for Prime Time. Here's Why.

The Sharing Economy Makes Sharing Easier. The sharing economy is changing the way consumers think about product ownership and value. After all, sharing hasn't always been so easy. Before smartphones, you had to know someone that had the product you wanted to borrow, call them to coordinate schedules, arrange a hand-off, and then there was the issue of payment. In the sharing economy, thanks to smartphones and big data, nearly every consumer now has the tools to connect directly with a vast network of makers, service providers, and other consumers. Companies like Airbnb and Uber enable peer-to-peer sharing by providing the technology platform to connect consumers, facilitate payment, and insure transactions. By lowering the barriers and inconveniences seen with traditional borrowing or sharing, these companies often make sharing easier, more convenient, and a better value than buying.

Coming trends that give the sharing economy a boost:

1. New generations of consumers growing up in the digital age may place less value on owning and collecting durable goods than their baby boomer parents. After all, your dad's prized record collection—spanning several book cases—can now easily fit in your pocket on a thumb drive. Decades of conspicuous consumption and its negative side effects—waste, hoarding, planned obsolescence—have spawned counter-movements like minimalism, especially popular with Millennials. These trends are evidenced in lower home and car ownership percentages among Millennials than in previous generations.

2. Smart phones, social networks, and big data technologies have matured enough to allow product sharing networks to scale up and go digital. It's easier than ever to connect with a huge network of consumers, whether you are searching for a product to share or want to offer one of your own. You can rely on online reviews to establish trust before the transaction. And GPS tracking allows owners to monitor product usage.

3. Successful pioneers like Uber, Airbnb, and Lime have blazed a trail and solved many early hurdles for the industry, in effect teaching a generation of consumers how to share. Companies in other industries now have a few models they can study before wading into the sharing economy.

4. The Gig Economy and the Side-Hustle mean more and more Americans are working as independent contractors, often combining several types of work (or "side-hustles") instead of a single 40hr/week job. **A study by Intuit** predicts that by 2020, 40 percent of workers in the US will be independent contractors. This trend overlaps with the sharing economy, where anyone can sign up to sell or rent a product. As workers diversify their income streams, sharing will become an increasingly convenient (and profitable) option.

Which Industries are Moving to a Sharing Economy Now, and Which Industries Will be Next?

There are some types of products that just make sense to share: cars, extra rooms, lawn mowers. These are high-value products that are often underutilized, and they are transferable (aka, shareable). That means they are not customized to a single owner, but can be utilized by many people. But it's not just rooms and rides that people want to share. Expensive tools and designer fashions are getting the sharing economy treatment.

Another big opportunity for sharing is expensive equipment in B2B industries. Cost of ownership of heavy duty equipment is a huge barrier to growth for construction companies. If they can't keep the tool running, they can't justify buying it. YardClub has built a network of businesses that share construction equipment, so they can get what they need when they need it (and don't have to deal with it when they don't). And when they offer their own equipment up for rental on the network, they get the chance to make some money off of an otherwise dormant piece of equipment. **YardClub** was acquired by Caterpillar in 2017—a clear signal that they expect sharing to become a larger part of their industry over time.

Industries with Sharing Economy Startups:

Homesharing	**Airbnb**
Freelancing	**TaskRabbit**
CoWorking	**WeWork**
CarSharing	**Uber, Lyft, Getaround**
BikeSharing	**Liquid**
Peer-to-Peer Lending	**Lending Club**
Fashion	**Poshmark, thredUP**
Tools and Homegoods	**Neighborgoods**
Bicycles	**Lime, OFO**
eBikes	**JUMP**
eScooters	**Bird, Lime**

How Product Sharing Will Impact the Development of New Products.

The sharing economy promises to change the way we use products; therefore, we must change the way we design and develop them. Consumers will not join the sharing economy because it reduces waste or because it's the right thing to do. They will join because it's more convenient and provides more value than the alternative. Convenience and value start with the product itself.

Since the goal of sharing is extracting more value out of the product, we may expect a return to quality and durability. Products will need to withstand heavy use by many users, who may take less care with the product since it does not belong to them. Owners will also look for simple, streamlined maintenance to keep their products working and earning money. Here are some other implications for the design of shareable products:

1. New Storage Considerations: Products will be stored and transferred in different ways in the sharing economy. Tool sharing could be made easier with a network of decentralized storage stations. Dockless bikes are stored literally wherever the user decides to leave the bike. Storage and access must be convenient and effortless, otherwise consumers will become discouraged.

2. Adjustability: People come in all shapes, sizes, weights, and abilities. For a product to be shareable, it must be easy and quick to adjust or adapt the product to fit a wide range of users. Single-owner products are often "set it and forget it" so they can afford a little bit more fuss. Ideally, shareable products will adjust to their new users intuitively or automatically.

3. Variety: If you are making a big purchase, like a car, you are going to make sure it's the right car for all your needs: chores, shopping, weekends, summer vacation. If you are going to rent or borrow a car for a little while, you are more likely to choose one specifically suited to the job: a pickup truck for your chores or a convertible for the beach weekend. We can expect the same thing in the sharing economy: variety and niche products to satisfy our individual, temporary needs. Airbnb provides an obvious example, offering an array of exotic, unique, and niche accommodations vastly more diverse than the standard selection of rooms offered by hotels.

The sharing economy will change the way consumers use and pay for products. In a traditional consumption economy, consumers place value in owning many products, which often go underutilized. While the concept of sharing is nothing new, it has traditionally been inconvenient to find other users, exchange products, and arrange payment. With the adoption of smartphones, social networks, and other technologies, companies are now offering platforms to make sharing easier and more enjoyable. Soon, we can expect consumers to demand access to a variety of high-value products in many industries, without the cost and burden of ownership. Is your industry ready? ■

MEET KURT

Kurt Rampton's award-winning product designs can be found everywhere from REI to the Museum of Modern Art. He graduated from the College of Design at Georgia Tech where he earned the IDSA Student Merit Award. Kurt is Design Director of BOLTGROUP's Product Innovation team.