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Millennials and the sharing economy: Lessons from a 'buy nothing new, share everything month' project

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ABSTRACT

There is a growing consensus that millennials (people born between the early 1980s and the early 2000s) have embraced the sharing economy in large numbers, adopting a new mindset in which access to goods and services is seen as more valuable than ownership of them. While surveys suggest this shift may be underway, little research has been done on behavior directly. This paper is a step in that direction. My project examines student engagement with the sharing economy through experiential learning. For one month, students were asked not to buy anything new, other than food and absolute necessities. Instead, they were expected to rely on the sharing economy to meet their needs and then to describe their experiences. I use mixed-methods design to analyze the resulting data quantitatively and qualitatively. Although the findings do not generalize to millennials as a whole, they point to a possible research program with which to test millennial engagement with the sharing economy. The results also suggest that a shift toward this new, access-driven mindset may be more challenging than popularly assumed.

1. Introduction

Millennials are becoming an influential cohort (Popovici and Muhcina, 2015), taking a growing role in shaping social and economic trends worldwide. This is also true when it comes to the sharing economy, which seems like a natural fit for this generation, born between the early 1980s and the early 2000s. After all, these young people are characterized as digital-savvy, open to change (Young and Hinesly, 2012), and comfortable with peer-to-peer interaction. Supposedly they are interested in transitioning from asset-heavy to asset-light lifestyles (Meeker, 2012) and from identity based on possessions and consumption (like their parents) to identity based on relationships and experiences (Silver, 2015).

The millennial shift toward the sharing economy has become a common narrative in the media, whether in the context of cultural change (see for example Cassie, 2015; Morrissey, 2015; Stein, 2015), the impacts of the Great Recession, or socioeconomic critique of American society (Potts, 2015). In all of these accounts, the underlying assumption is that the sharing economy has become an integral part of millennial lifestyles. On this assumption, the only question at issue is whether this trend will fade away once the economy improves, or whether it is here to stay (NPR, 2013; Rebell, 2015).

But evidence of the degree to which millennials embrace the sharing economy—and move from a "you are what you own" mindset toward a "you are what you can access" mindset (Belk, 2014)—is still somewhat mixed. True, since the Great Recession, millennials have purchased fewer cars (Ross, 2014) and new homes (Fry, 2015), and a few surveys suggest their strong participation in the sharing economy (Montgomery, 2015; Quinones and Augustine, 2015; Smith, 2016). Yet other

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studies show that brand affinity and consumerism, too, are strong among millennials (Barton et al., 2013) and that even during the economic turmoil of the last few years, millennials' spending has grown by 3% per year (MacKenzie et al., 2013). The most recent data suggest millennials are again purchasing cars (Malito, 2016; Thompson, 2015). Only 50% of millennials agree that the sharing economy improves the American economy as a whole (Ipsos, 2016).

With this context in mind, this paper explores the engagement of millennial students with the sharing economy via a project called Buy Nothing New, Share Everything Month. In this experiential learning project, the students—undergraduate and graduate students at Parsons School of Design in New York—were asked to buy nothing new, other than food and absolute necessities, during October 2015 and instead to meet their needs through the sharing economy.

1.1. The sharing economy

The sharing economy has generated growing interest across a broad spectrum, including from investors, established firms, researchers, policymakers (Martin, 2016), and even American presidential candidates (Griswold, 2015). It has also drawn increasing public attention, mainly due to large investments in leading companies such as Uber, Airbnb, and Lyft (e.g., Chen, 2015; Isaac, 2016); the debate over ethical, regulatory, and cultural challenges the sharing economy presents (e.g., Flegenheimer, 2015; Gorenflo, 2015; Said, 2015; Smith, 2014); and experts' faith in the sharing economy as engine of a better future (Mason, 2015; Rifkin, 2014).

Exactly what makes the sharing economy unique depends on whom one asks. Different scholars emphasize different aspects of this trend. According to Botsman and Rogers (2010), "collaborative consumption" is characterized by "critical mass, idling capacity, belief in the commons, and trust between strangers." Schor (2014a) highlights the facilitation of sharing between strangers; she calls the phenomenon "stranger sharing." Schor also points to the use of digital platforms to reduce the costs and risks involved in transacting with strangers. Belk (2014) focuses on temporary access to goods and services and reliance on the Internet, especially Web 2.0 technologies. Sundararajan (2016) identifies five characteristics of the sharing economy: largely market-based, putting underutilized capital to use, crowd-based networks, and blurred lines between the personal and the professional and between fully employed and casual labor.

The sharing economy seems to expand quickly to almost every industry and economic sector. According to one estimate, 51% of the U.S. adult population, or 105 million people, uses sharing economy platforms (Owyang and Samuel, 2015). A November 2015 survey conducted for *Time* magazine reported that 44% of U.S. adults, or more than 90 million people, participated in the sharing economy (42% as users and 22% as providers) (Steinmetz, 2016). PwC (2014) estimates that global activity in five key sharing markets will grow from $15 billion in 2014 to around $335 billion in 2025.

1.2. Millennials and the sharing economy

According to Mannheim's (1952) theory of generations, people are considered to be part of the same generation not just due to the fact that they were born in the same time period but also because they are "similarly located," sharing "a common location in the historical dimension of the social process." He makes the case that, in order to have the same generational location, people must participate in the same historical and social circumstances during their formative adult years (Pilcher, 1994). While Mannheim identifies only direct experience as key to formulating generational identity, later researchers added mediated experiences—that is, the experience of events through their presentation in the media (Edmunds and Turner, 2005). Social, cultural, and historical events generate cohort effects (sometimes referred to as generational effects), as they influence personality development and result in common traits across a generation (Simões and Gouveia, 2008).

In the case of American millennials, which provide the context of this study,[1] the events generating cohort effects, according to Thrall and Goepner (2015), include the 9/11 terrorist attacks, the long wars in Afghanistan and Iraq, the Great Recession, and the election of the first African American president in 2008. Among these events, which the authors argue are "most likely to produce lasting shifts in attitudes for millennials," the Great Recession seems to have been particularly influential (Smith and Aaker, 2013), and more so with respect to older millennials, born before 1990 (Rampell, 2015).

The Great Recession is also considered a key catalyst of the sharing economy, as it made renting assets more economically sensible (Schor, 2014a) and drove unemployed and underemployed people to provide services on sharing economy platforms in order to supplement their incomes (Rauch and Schleicher, 2015).

The sharing economy is situated between two somewhat opposing schools of thought. One seeks to build the sharing economy around values. Rachel Botsman emphasizes empowerment, collaboration, openness, and humanness (Pick, 2014). Others concentrate on "equality, sustainability and community" (Slee, 2015). The second school focuses on creating and capturing economic value, using what some critics describe as exploitative practices to maximize shareholder profits (Gorenflo, 2015; Scholz, 2016). The narrative of millennials' involvement in the sharing economy is flexible enough to accommodate both schools. On the ethical side, observers argue that millennials take part in the sharing economy because they are open to new experiences (Olson and Kemp, 2015), are inclusive, identify freedom with enhanced social capital (Adams, 2015), have a collaborative mindset as digital natives who grew up in a world of pervasive online information sharing, and are concerned

[1] It should be noted that many of students who participated in the study discussed here are from outside the United States.