



# Understanding public relations in the ‘sharing economy’



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## ABSTRACT

In spite of the macro-economic impact of the so-called ‘sharing economy’ there is a nearly complete dearth of contributions from the communication academy to its discourse. More attention is overdue, particularly for the conceptual pressure the ‘sharing economy’ is exerting on the public relations function. The authors propose a reconceptualization of public relations by identifying the constitutive aspects of the sharing economy and bringing together the explanatory concepts ‘circuits of commerce’ and ‘viable matches’ from economic sociology and communicative constitution of organizations theory to develop the notions of ‘deliberate disintermediation’ and ‘circuits of communication’ in public relations. The contention is that by doing this, communicative acts not only contribute meaning in the sharing economy, but have economic value. Furthermore, the sharing economy poses challenges to the traditional forms of organizing public relations functions, but offers opportunities to realize different potential when public relations facilitates circuits of communication and becomes a meta-communicative competence embedded within the organization.

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## 1. Introduction

The ‘sharing economy’ has been called an “idea that will change the world” (*Time*, 17 March 2011), constantly rising (*The Economist*, 7 March 2013) to become a “significant segment of [...] future economic activity” (*New York Times, Economix Blog*, 3 March 2014) that is ‘unstoppable’ (*Forbes*, 13 January 2013). The latter is certainly true for the popular debate, the management discourse and the media attention dedicated to it. There is however, perhaps surprisingly, a nearly complete dearth of intellectual contributions from the communication academy to the discourse about the ‘sharing economy’. More attention is overdue. The public relations industry in particular can be said to undergo intermediating change as a result of the ‘sharing economy’: Its core assets retain their value, but there is pressure on some of its core activities. The purpose of this paper is therefore to propose a reconceptualization of public relations and to describe the implications of the ‘sharing economy’ for its current practice.

## 2. The ‘sharing economy’

Figures as well as anecdotes indicate the size of the ‘sharing economy’, a term that first entered the wider public discourse around 2012 (Martin, 2016): The market valuation, investment rounds or take-over bids for ‘sharing economy’-businesses

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speak to the imagination, e.g. when Zipcar was acquired for \$500 million. The total valuation of peer-to-peer business models is estimated to be \$75 billion today and \$335 billion by 2025 (Cadman, 2014; Matzler, Veider, & Kathan, 2015). Uber and AirBnB in particular have made the transformation from start-up to multi-billion dollar valuations in less than 5 years (Konrad & Mac, 2014; Lashinsky, 2015). Didi Kuaidi, Uber's main rival in China, has raised nearly \$2 billion in funding. Thousands of other companies have been created in key sectors of mature economies (Owyang, Samuel, & Grenville, 2014) thereby generating value from assets that wouldn't have been considered monetizable even just 5 years ago, e.g. time in, or seats on cars (with over 600 providers including Uber, Relayrides, Car2Go etc.), space (Airbnb), power drills (Zilok.com), cardboard boxes (UsedCardBoardBoxes.com), peer-to-peer credit (Zopa), home-repair skills (Airtasker, Taskrabbit), gardens (landshare.com), playdates for Asian children (kiddet.com), and cows (Kuhleasing.ch). A popular visualization, the 'Collaborative Economy Honeycomb' (Owyang et al., 2014), identifies the market sectors in which over 150 different business models are said to jointly constitute a coherent new industry: learning, municipal services, money, goods, health, space, food, utilities, transport, professional and corporate services. On top of these business models, the 'sharing economy' is also said to include dedicated financiers, national associations (e.g. ShareCo in the UK), and advocacy groups (e.g. OuisShare in France).

In spite (or because?) of the attention it receives, the 'sharing economy' is "a floating signifier for a diverse range of activities" (Schor et al., 2015:13). There is neither a common understanding about which phenomena should be counted as 'sharing economy', nor an agreement if the term is the most suitable to describe the variety of these phenomena. Alternative terms and metaphors are in use, especially by scholarly authors, including 'collaborative consumption' (Belk, 2014; Botsman & Rogers, 2010b), 'mesh' (Gansky, 2010), 'commercial sharing systems' (Lamberton & Rose, 2012), crowd-based capitalism (Sundarajan, 2016), and 'access-based consumption' (Bardhi & Eckhardt, 2012).

### 3. The 'sharing economy' in communication discourse

More attention from the communication academy is overdue, not primarily because of the scope of the 'sharing economy', but because of the disruption that other scholarly disciplines forecast for the entire eco-system that comprises value-creation, symbolic interaction and the communicative formation of communities. Even after discounting the often unreflexively enthusiastic hyperbole found in public media, the 'sharing economy's' impact is seldom described as incremental, but instead as a seismic shift toward "alternative ways of consuming and new business paradigms" (Belk, 2014: 1599; Miller, 2016), or as an 'economic groundswell' as important as the industrial revolution (Botsman & Rogers, 2010a); its mixture of post-traditional social innovations and more traditional extractive modes of business has engendered visions of renewed forms of collective urban life (Morgan & Kuch, 2015; Seyfang & Smith, 2007) and even of transformed market economies that will globally pivot toward sustainability (Cohen & Kietzmann, 2014; Martin, 2016). A nascent coordinated market economy is said to point to the existence of a variety of alternative capitalist forms (Dyal-Chand, 2015), in which boundaries (and their definitions) are challenged between public and private institutions, economic and social spheres, production and consumption, as well as between organizations, their constituents and their stakeholders.

We propose that this impact on the definition and on the spanning of boundaries between organizations, communities and businesses also puts conceptual pressure on public relations, itself hitherto understood as a boundary-defining and –spanning function. Using the most prevalent taxonomy of how industries evolve (McGahan, 2000), the public relations industry can be said to undergo intermediating change as a result of this conceptual pressure: Its core assets (skills, knowledge and abilities) retain their value, but some of its core activities are threatened with obsolescence. "The challenge under intermediating change is to find ways to preserve knowledge [...] and other valuable assets while fundamentally changing relationships with customers and suppliers" (McGahan, 2004: 2).

Public relations is exposed to the pressure of the 'sharing economy' by needing to simultaneously be both inclusive as well as competitive. 'Sharing economy' ventures, in spite of their communal nature and open organization, are also as aggressively competitive as the closed corporate entities of the 'traditional' economy, likewise trying to distinguish themselves in their markets with – among other things – forms of traditional public relations campaigns for which they promptly become criticized (Heylighen, 2016; Swant, 2015). Their communication efforts are torn in two directions when designed to sustain ventures that are both 'genuinely collaborative' as well as 'hotly competitive' (Schor et al., 2015: 13).

A second conceptual pressure is that while non-centralized communication enables the trust, the relationships, the communities and the transactions inside 'sharing economy' ventures, their very lack of a centralized, hierarchical entity also exposes them to explicit distrust from those on the outside of their communities. 'Sharing economy'-ventures are often blamed for transferring risks to consumers, the casualization of labour, the lack of concern for the environment and the avoidance of taxes. In response, they engage in traditional forms of lobbying, for which again they receive higher scrutiny than traditional firms (e.g. Ford, 2016; Slee, 2016; Sundarajan, 2016). A reconceptualized public relations will therefore also need to reflect this second pressure – one between openness and distinction (Schor et al., 2016: 66) – that it has in common with the 'sharing economy' as a whole, caught in the contradiction between a 'pathway to sustainability' and a 'nightmarish form of neoliberalism' (Martin, 2016: 212).

Thirdly, while public relations in the 'sharing economy' – both between peers constructing a community, as well as on behalf of a 'sharing economy' venture establishing its competitiveness – may intend to be strategic, its outcomes are never going to be completely isomorphic with the intentions of its participants. Instead, the outcome of public relations attempts will always be as much the product of those who are deemed performing it, as of their peers attending to such

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