INT/686
Collaborative or participatory consumption

Brussels, 21 January 2014

OPINION
of the
European Economic and Social Committee
on
Collaborative or participatory consumption, a sustainability model for the 21st century
(own-initiative opinion)

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On 14 February 2013 the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an opinion on

*Collaborative or participatory consumption, a sustainability model for the 21st century.*

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 16 December 2013.

At its 495th plenary session, held on 21 and 22 January 2014 (meeting of 21 January), the European Economic and Social Committee adopted the following opinion by 121 votes to 2 with 3 abstentions.

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1. **Conclusions and recommendations**

1.1 Collaborative or participatory consumption is spreading to a growing number of communities and cities around the world, which are using technological networks to do more with less, through activities such as hiring, lending, exchanging, bartering, giving away or sharing products on a previously unimaginable scale.

1.2 The economic impact of this[^1] goes hand in hand with a conceptual shift regarding labour, according to which collaborative or participatory consumption is viewed as a major potential source of jobs in the coming years.

1.3 Collaborative or participatory consumption therefore represents an innovative complement to a production economy in the form of a use-based economy offering economic, social and environmental benefits. It also offers a way out of the economic and financial crisis, by enabling people to exchange things for others that they need.

1.4 Given the complexity and importance of the emergence of collaborative or participatory consumption, the relevant institutions need, on the basis of the necessary studies, to regulate the practices carried out within these forms of consumption, in order to establish the rights and responsibilities of all the stakeholders involved. Firstly, collaborative or participatory consumption can meet social needs in situations where there is no commercial interest and, secondly, it can help, as a for-profit activity, to create jobs, while complying with the rules on taxation, safety, liability, consumer protection and other essential rules.

1.5 The Commission should address the issue of collaborative or participatory consumption in its work programme, tackling it in different stages:

- As a first step, the basic rights and principles already enshrined in EU law to protect the public should be compiled, as has been done for the EU code of online rights.

- Next, the relevant studies need to be drawn up. This is an essential step to enable the Commission to identify any potential barriers to the operation of these activities and any problems that would need to be solved, emphasising the European added value of adopting a measure with European scope. The Commission would have to allocate sufficient financial resources to this, via both DG SANCO and DG JUSTICE.

- A database containing exchanges of experiences and best practices in collaborative or participatory consumption should also be set up and made accessible to all consumers. The Commission could also organise awareness-raising and information campaigns on these forms of consumption.

- Lastly, and on the basis of the experience that is gained, it could endeavour to harmonise legislation on cross-border issues and those bringing European added value to the matter.

2. Introduction

2.1 The gradual depletion of the current system and its inability to meet people’s individual and collective demands suggest a need for alternatives that reflect the requirements and challenges posed by a future anchored in digital networks.

2.2 This own-initiative opinion is in line with the provisions of the Europe 2020 Strategy, which proposes that the consumption of goods and services should take place in accordance with smart, sustainable and inclusive growth and should also have an impact on job creation, productivity and economic, social and territorial cohesion. Other EU strategies also have a direct or indirect impact on the field of collaborative consumption, such as the Communication on the Sustainable Consumption and Production and Sustainable Industrial Policy Action Plan\(^2\), the Social Innovation Europe initiative and the Digital Agenda for Europe.

2.3 Collaborative or participatory consumption could prove resilient in the current economic and financial climate, and provide a response to the growing uncertainties caused by the economic crisis. It could also represent an opportunity to get back on track towards sustainable economic, social and human development in an environmentally-friendly way.

2.4 Moreover, the excesses of hyper-consumption have helped produce an inequality gap between producing and consuming regions, where social exclusion and obesity, and waste and deprivation, exist unhappily side by side. Collaborative or participatory consumption can offer an additional market tool for kick-starting and regenerating the single market, cleaning it up and making it more balanced and sustainable, provided that it has fixed structures.

2.5 Overproduction and overconsumption are clearly unsustainable. Collaborative or participatory consumption thus promotes cooperative values and solidarity in practice. Forbes magazine recently estimated that revenue streams in collaborative consumption will exceed USD 3.5 billion this year, which represents an increase of over 25%.

2.6 Supply and consumption are thus viewed not simply as the ownership of goods but as shared access to their benefits, in order to meet real needs and secure the personal fulfilment that is worlds apart from symbolic consumption and the pursuit of artificially created desires.

2.7 While in conventional consumer society, products are intended for individual ownership, rapid consumption and early disposal, the hallmark of collaborative or participatory consumption is the creation of durable products designed for intensive use either by several people or throughout the life of a single consumer or user, leading to more environmentally friendly behaviour in terms of the life cycles of the goods that people use. The new technologies (both peer-to-peer and social networks) demonstrate the importance of both virtual and real communities.

2.8 The economic crisis is boosting the trend of people owning less, watching their spending and keeping an eye on value for money when considering their needs, on the understanding that accumulating possessions is not going to guarantee their wellbeing.

2.9 The key issue is linking people who need access to a resource with others that have these resources, which are under-used and can be borrowed, given away, swapped, rented, etc. This relationship is based on a sense of community, sharing and participation among users, where trust is the link making it possible to establish connections, develop an alternative form of consumption and, over the long term, maintain the relationships that are created. All this must take place in a context of transparency, especially as regards financial matters and in terms of the responsibility of the platforms that promote collaborative consumption.

2.10 The power of collaboration and sharing through technology will consequently change the way we think about ownership and business relations. The product is no longer just sold, but is also hired, redistributed or shared, as occurs with services.

2.11 Consumers want to own less but gain more. The perceived rational benefits all centre on reduction and practicality, but the emotional ones deliver affirmation and a sense of

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3 Rachel Botsman, "What's Mine Is Yours: The Rise of Collaborative Consumption"
belonging. By offering convenient and often cheaper alternatives, collaborative consumption initiatives make the best use of existing resources and prevent the unnecessary manufacture of new products. In short, sharing is both financially sound and sustainable.

2.12 One only has to consider the digitisation of content (photos, music, videos, books, etc.) to see that it has made many people realise that often what they want is not the disc itself, but the music recorded on it. They are happy to be able to access the music whenever they need it: even more so if it takes up less of their personal time and space.

2.13 The concept of collaborative or participatory consumption also provides an opportunity for the most vulnerable groups, especially families experiencing financial hardship or who may have been excluded from the traditional credit channels for purchasing the goods they need, given the current social climate. It is also an option, however, for those who are able to access the goods and services market in the normal way, but who consciously choose not to do so, out of commitment to their personal values.

2.14 Sustainable consumption has been recognised as a basic consumer right by the United Nations since 1999. As EU consumer protection legislation pre-dates this, it does not mention this right as such. However, it should be recognised, as called for expressly by the EESC, by means of an amendment to the Treaties that includes the "principle of developing a policy for sustainable consumption".

The EESC has also adopted opinions on the green economy and on planned obsolescence. In its recent Resolution on the Consumer Agenda, the European Parliament specifically asked the Commission to address this issue.

3. **Collaborative or participatory consumption: a conceptual approach**

3.1 The most common definition of collaborative or participatory consumption is the traditional way of sharing, swapping, lending, renting and giving away, redefined through modern technology and communities.

This definition makes it clear that this form of consumption is by no means a new idea; it is actually the revival of a practice that benefits from today's technology to make services much more efficient and scalable. At the same time, the impetus for collaborative or participatory consumption must come from those involved and participation must be voluntary.

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4 Study carried out by Carbonview Research for Campbell Mithun, 2012.
7 CESE 1904/2013 on Product lifetimes and consumer information (opinion not yet published in the OJ).
3.2 Collaborative or participatory consumption represents a third wave of the Internet, where people meet online to share offline. It is also aptly described as putting into circulation everything that exists.

3.3 Collaborative or participatory consumption is clearly underpinned by three precursors: the economic (and values-related) crisis, the growth of social networks and collaborative or participatory online behaviours. However, for this form of consumption to grow in the developed economies, the following factors are essential: trust in the common good, idle capacity and technology.

3.4 Trust between strangers is perhaps the most crucial aspect in the success of collaborative or participatory consumption. Meanwhile, technology enables people to access online services that also help create offline connections with a higher degree of trust.

3.5 Sharing resources requires trust and a good reputation, especially when it comes to attracting new users. Collaborative or participatory consumption initiatives have to ensure that their communities are safe.

3.6 Online sharing can thus be expected also to be a good predictor of offline sharing. In the offline world, the simplest way of building trust when sharing is to limit the size of the community or to use an existing community in which there is already a degree of trust and rapport. Some collaborative or participatory consumption schemes make it possible to create closed groups to meet users' needs and build trust, by being simpler to manage.

3.7 When a sense of community is created among service users, trust in the service itself and among its users is also enhanced. Users take care in their actions and interactions in order to build and protect their reputation, as this is what enables them to interact with the community and use the system, as in all markets.

3.8 It is impossible to eliminate all risks, but platforms facilitating exchanges must ensure that their members are aware of these risks and have sufficient information to manage them effectively.

3.9 Moreover, technology is a key factor in optimising the sourcing of goods and services, bringing together groups of people with common interests and building communities. Mobile and real-time technologies make it faster and easier both to add information on locations and to facilitate easy payment systems where necessary.

3.10 When designing service flow, however, it is important to ensure that it is accessible and easy to use, promotes a close relationship of trust between user and service provider, provides

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Albert Cañigueral [www.consumocolaborativo.com](http://www.consumocolaborativo.com)
adequate and reassuring security measures and offers user-focused experiences to establish reputation banks through appropriate centralised databases.

3.11 The aspect of reputation is of particular importance as a catalyst for economic and social change. It has been estimated that "reputation capital"\(^9\) could act as a second currency, whose value lies in providing trust. Reputation capital could be said to be emerging as the cornerstone of the twenty-first century economy, through projecting the old power of "word of mouth" onto the viral capacity of a network society.

3.12 People are already expressing their needs and interests by behaving and consuming in a more relevant and transparent way, incorporating clear social considerations into their purchasing criteria and actively adding emotional content to their decision-making.

3.13 Lastly, the committed consumer lends his or her influence and support to the brand, playing an active part in the success of the shared initiative, which strengthens and feeds back into the process.

3.14 In short, the aim is to reformulate the equation: credit + advertising + private ownership = hyper-consumption, which reflects the spirit of the twentieth century, into this new one, which aims to summarise the current century: reputation + community + shared access = collaborative or participatory consumption.

Collaborative consumption shares many of the EU’s policy objectives, especially where the single market is concerned, such as increasing resource efficiency and boosting social innovation to create jobs and economic prosperity. Many collaborative consumption start-ups operate in the EU, which means that Europe could become an "incubator" for new business models, thereby creating more sustainable economic development.

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\(^9\) Rachel Botsman defines "reputation capital" as the worth of one's reputation - intentions, capabilities and values – across communities and marketplaces.
3.16 Because collaborative consumption represents a substantial economic, social and cultural shift, the Commission should remove any obstacles to these activities at the European level, establishing a regulatory framework that offers the sector certainty for the long term.

4. **Best practices in collaborative or participatory consumption**

4.1 There is already a wide range of proposals and experiences of global collaborative or participatory consumption demonstrating that another way of consuming is not only possible but can also make a substantial contribution to improving the world we live in and, even more importantly, preserving it for future generations.

4.2 As a result of the economic crisis, platforms have emerged, for example, for the buying and selling of second-hand wedding dresses and accessories, for private accommodation, the rental of cars or eveningwear, including designer clothing or luxury accessories. There are also communities where users post a task, such as putting together furniture or collecting a package, and indicate the price they are offering to anyone willing to carry it out for them.

4.3 A telling example of the value of collaborative or participatory consumption is the large number of tools and utensils that are rarely used despite their cost, or - which amounts to the same thing - the under-use of goods or the failure to make best use of them or of their possibilities. Typical examples would be buying a drill to use it for only twenty minutes in its lifetime, or buying a car that will spend far more time parked than being driven.

4.4 Fifty-five per cent of Europeans want sustainable consumption, even if it means paying more. In the coming years, consumers' desires for alternative modes of consumption are expected to focus on:

- Bartering (19%).
- Renting (22% where tools are concerned).
- Group purchasing (19%).
- Do-it-yourself (12% when it comes to sewing).
- Buying locally (0 kms) (75% of people want to avoid excessive deliveries).
- Second-hand purchasing (19%).

4.5 And although collaborative or participatory consumption covers a broad and open-ended spectrum of initiatives, one thing they all have in common, as mentioned above, is that they help establish links between people who have under-used resources and people who need those resources. This feature is perfectly illustrated by the fact that we tend to talk about making greener products, but that it is even more eco-friendly to make better use of what is already available.

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10 Study entitled "Los Consumidores Europeos en modo alternativo" ["European consumers in alternative mode"]. Cetelem Monitoring Centre, 2013
Collaborative consumption has a number of direct effects (such as lower resource consumption and CO$_2$ emissions, higher demand for good quality products if the products are to be lent, hired or repaired; it promotes eco-design benefiting a number of different users, durability and repeated customisation of compatible products; it improves social interaction, community development and trust among individuals; it encourages access to high-quality products for lower-income consumers, etc.) and can also have other indirect effects.

In terms of EU legislation, collaborative or participatory consumption most closely resembles service provision within the meaning of Article 57 TFEU, but it certainly raises a number of questions. A distinction should be made within collaborative consumption, however, between not-for-profit and for-profit activities, as only the latter warrant the attention of the European legislator.

In an attempt to bring some order to the growing diversity of initiatives falling under the concept of collaborative or participatory consumption, the sharing economy can be considered to consist of four areas: consumer-to-consumer (C2C), consumer-to-consumer but via business (C2B), business-to-consumer (B2C) and business-to-business (B2B).

A three-pronged classification scheme is also proposed$^{11}$: product-based systems, redistribution markets and collaborative lifestyles.

As can be seen, collaborative or participatory consumption practice can apply to any aspect of daily life, such as$^{12}$:

- mobility (car-sharing, the rental and shared use of vehicles, including taxis, bicycles and parking places, and carpooling, which means filling empty car seats with other passengers going in the same direction),
- energy efficiency (shared use of household utensils),
- accommodation and areas for growing food (rental of rooms, shared housing, and urban and rural allotments),
- business (co-working or shared office space),
- communications (mobile platforms where users can buy and sell goods and services to people living in the same community),

$^{11}$ Rachel Botsman.

$^{12}$ Some directories of collaborative or participatory consumption projects:
http://www.collaborativeconsumption.com/directory/.
http://www.consumocolaborativo.com/directorio-de-proyectos/.
http://consocollaborative.com/1704-100-sites-de-consommation-collaborative.html.
http://collaboriamo.org/.
http://kokonsum.org/plattformen.
http://www.gsara.tv/~ouishare./
work (micro-tasks, hiring people for specific jobs, or "handymen", where the best bidder is given tasks ranging from hanging pictures to assembling items of furniture),

- culture (bookcrossing and book bartering, and promoting cultural exchanges among young people from different countries),

- education (digital communities for learning languages),

- time and skills (time banks),

- leisure (sharing digitised content),

- finance (loans between individuals, direct loans from individuals to small and medium-sized enterprises, crowdfunding or collective financing, crowdfunding for crowdbenefits),

- tourism (dining experiences in private homes), and peer-to-peer food swapping,

- art and also markets for bartering and donating clothing and items for children, repair and recycling of objects; many other initiatives could be mentioned, but a comprehensive study of these is not the purpose of this opinion,

- promoting the use of renewable energies, where possible sharing energy surpluses through smart networks.

4.11 Broadly speaking, it is simply a matter of identifying the goods, knowledge or services that have idle capacity and that can be shared in a setting conducive to the development of collaborative or participatory consumption. Such a setting combines a permanently weak economic situation, a growing demand for ethical and sustainable development and a daily life in which people are increasingly more connected. All of these conditions are in place today.

5. Proposed initiatives and action strategy

5.1 The EESC therefore calls on the Commission to take the appropriate consumer protection measures to ensure that, on the basis of the appropriate studies, the initiatives proposed here can be implemented.

5.2 Following is a brief summary of the lines of action that we believe should form part of a strategy for the sound development of collaborative or participatory consumption. These measures should support, complement and monitor the consumer protection policy implemented by the Member States:

a) A legal and tax framework for the activities covered by collaborative or participatory consumption by setting down and regulating, where appropriate, aspects such as liability, insurance, rights of use, rights protecting against planned obsolescence, ownership taxes, quality standards, the establishment of rights and obligations and, where appropriate, the removal of any restrictions and disguised barriers to intra-Community trade and any distortion of legislation.

13 Programming the end of life of a product or service, in such a way that its design shortens its actual functionality or usefulness.
b) Dissemination, advocacy and public awareness-raising of collaborative or participatory consumption initiatives and of the individual and collective benefits they offer. Publicising the mandatory aspects of the existing legal framework for shared products, such as recycling, re-use, upgrading and sustainability).

c) Information and guidance to consumers and users concerning responsible participation in the initiatives, promoting pilot projects and initiatives for collaborative consumption.

d) Promotion of collaborative or participatory consumption through Shareable Cities schemes, shareable transport or other areas such as food, housing and even shareable work.

e) Development of stable structures by creating platforms for the development of collaborative or participatory consumption, especially with regard to technology and networks.

f) Boosting collaborative or participatory consumption and extending it by activating and giving impetus to the networks that are set up.

g) Participation of the EU institutions in collaborative or shared consumption initiatives, both as a user and by making their own resources available.

h) Civil society can play an active role in providing access to publicly-owned goods, in order to ensure the greatest possible take-up by society, by putting in place shareable collective infrastructure.

i) It is proposed, moreover, that the action strategy be implemented specifically in the following fields:

- **Education**: in schools, any measure should be proactive, in other words, work done with children from an early age should aim to instil and consolidate appropriate attitudes, habits and values in order to create collaborative consumption initiatives.

- **Associative consumption**: networked consumer and user organisations can play a dual role in the strategy, both proactively by setting up initiatives and reactively by participating in them.

- **Cooperatives**: cooperatives can become the main ally of collaborative or participatory consumption, because they combine and share principles and values. The cooperative movement can therefore strengthen initiatives, both proactively and reactively, as well as accommodating collaborative or participatory consumption
networks with similar aims\textsuperscript{14}. Consumer cooperatives and what are known as Zero Kilometre cooperatives\textsuperscript{15} are a prime example of something that is already a reality.

- **The general public**: through being recruited and taking part in collaborative or participative consumption initiatives targeting them, the adult population and the general public may develop reactive behaviour that also serves to achieve personal fulfilment through integration and that boosts social cohesion by collectively sharing common assets.


The President
of the
European Economic and Social Committee

Henri Malosse

\textsuperscript{14} Salcedo Aznal, Alejandro – “Cooperativismo 3.0” – 100 años de cooperativismo de consumidores y usuarios: historia y futuro [Cooperatives 3.0: 100 years of cooperatives for consumers and users, their history and future] (pp. 65 to 68). UNCCUE, 2013.

\textsuperscript{15} Cooperatives providing products or activities related to the local economy that lessen the impact caused by long-distance transport and delivery.