

# PICO

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## Les Plonniers du COLlaboratif



## The collaborative economy, a pipeline of innovations for sustainable development

### SUMMARY OF FINDINGS OF THE PICO PROJECT SHORT VERSION

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The goal of the PICO project is to clarify what is meant by the collaborative economy and the importance of environmental and social issues for its operators; to study its environmental and social impacts; and to propose possible courses of action for the public authorities wishing to use the collaborative economy in the interests of sustainable development.

All of the articles published as part of the PICO project are available at:  
[www.iddri.org/Projets/PICO-Plonniers-du-Collaboratif](http://www.iddri.org/Projets/PICO-Plonniers-du-Collaboratif)

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Airbnb, Drivy, BlaBlaCar, La Ruche qui dit Oui, LeBonCoin, TechShop, FabLab, Wikipedia, Kickstarter, Coursera, etc. The collaborative economy encompasses a wide range of initiatives led by companies or associations, which are transforming the way we travel, consume, produce, finance and learn. The definition of the collaborative economy is controversial; it is emerging as a catch-all, a pipeline of innovations characterised by the use of digital technologies and the desire to circumvent existing operators.

The collaborative economy is the focus of a number of debates, including unfair competition, tax fraud and job insecurity. How to regulate the collaborative economy is a key question, which the public authorities are addressing. Two other questions are equally important. Does the collaborative economy provide new solutions to collective sustainable development challenges such as waste prevention, mobility and energy? And if so, what can public policy makers do to support "public interest" initiatives?

These are the core questions that the *Pionniers du Collaboratif* (PICO – Collaborative economy pioneers) project is attempting to answer, based on around 30 interviews with collaborative project leaders, interviews with 70 platform users, quantitative surveys of these users, around 20 interviews with public policy makers and a multi-stakeholder workshop.

PICO focuses on the collaborative economy for material goods, and studies initiatives such as FabLabs and Repair Cafés, as well as peer-to-peer marketplaces such as LeBonCoin (purchase and sale of used goods), Placedelaloc (rentals), Kikakwa (loans), Récupe.net (giveaways) and Commentréparer (repairs). This is an interesting field from an environmental and social perspective: the goods that individuals could exchange account for a quarter of household budgets and a third of household waste<sup>1</sup>.

## KEY MESSAGES

- In some cases, tackling planned obsolescence, reducing waste and building social ties are strong motivations for collaborative economy theorists, entrepreneurs, and platform users.
- The in-depth study of five peer-to-peer marketplaces would appear to indicate that they reduce waste, but they face a number of "rebound effects"; local exchanges are crucial to reducing transport and guaranteeing a positive environmental impact. While local platforms strengthen pre-existing social ties, in other cases meeting providers may be perceived as a constraint.
- Some collaborative projects provide new sustainable development solutions, but are faced with development challenges and difficulties when working with the public authorities. These difficulties are caused by administrative silos and by competition between new and older practices.
- Although innovators in some places receive good public support for their start-ups (access to stakeholder networks, financing and incubators), there is still not enough assistance in terms of communications and these innovators struggle to establish strong partnerships: integrating their platforms into public authority websites, experimentation, and public service delivery.

1. Demainly, D., Novel, A.-S. (2014). The sharing economy: make it sustainable, Studies N°03/14, IDDRI, Paris, France, 32 p.

## SUSTAINABLE DEVELOPMENT: A STIMULUS FOR SOME COLLABORATIVE ECONOMY OPERATORS

The first finding is that sustainable development is one of the reasons for action given by some collaborative project leaders. Indeed, the analysis of collaborative projects for material goods reveals different business models and different reasons for action characterised by different value creation and capture methods. Project leaders include "altruists", who use platforms for social causes, and "collectivists", whose aim is to enable free exchanges of resources and skills in shared physical spaces, also for social causes. (See Figure 1). Tackling planned obsolescence, reducing waste and building social ties are the stated objectives of these collaborative project leaders, who nevertheless have to manage tension between their initial cause and the need to generate income to ensure the continuity of their model. But not all of the collaborative project leaders studied are either "collectivists" or "altruists": as two journalists so aptly put it, the collaborative economy is "*a catch-all in which ambitious start-ups rub shoulders with multi-million dollar companies and neo-hippies with political and social ambitions*"<sup>2</sup>.

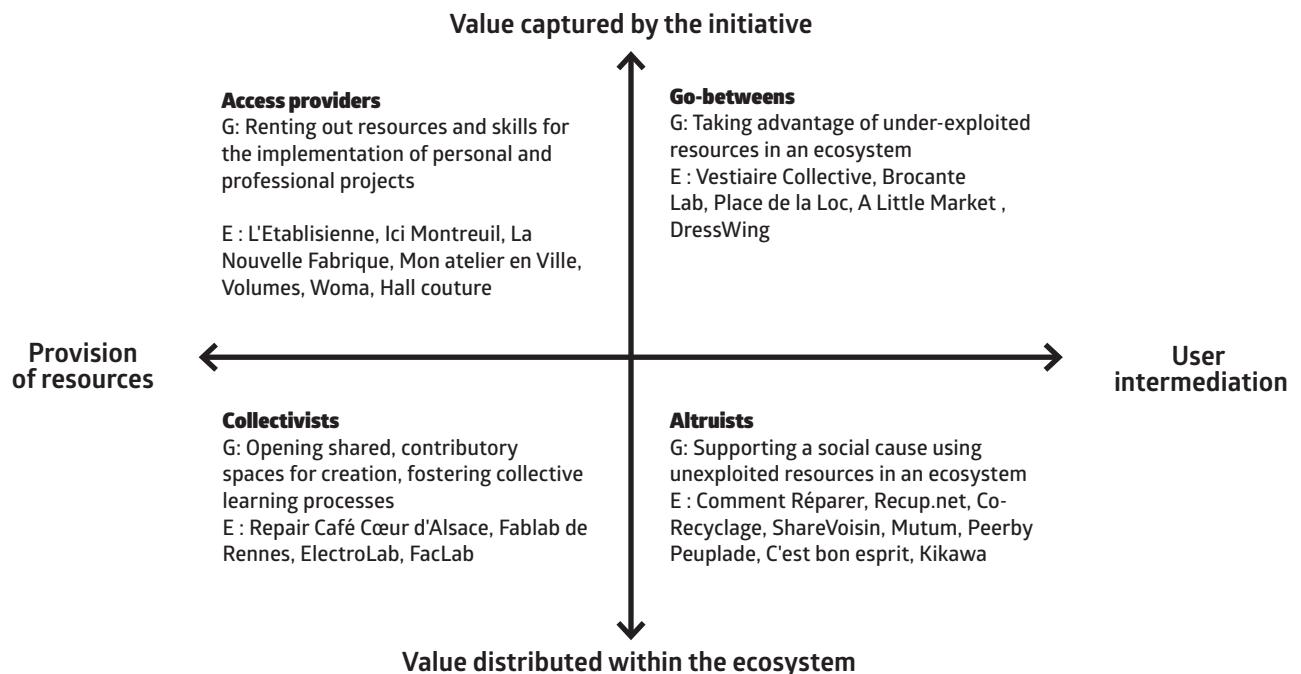
This diversity is also apparent when analysing thinking among collaborative economy theorists and operators, showing that alongside references to the gift economy, product-service systems or the commons, some of these stakeholders draw from the American counterculture ideology a desire to change the world and to put

a dent in the profits of the major established institutions (states and large corporations). These ways of thinking fuel different political visions of the collaborative economy, some of which place great emphasis on environmental and social issues. Their multiplicity and heterogeneity are in fact one of the controversies concerning this field, which is both an advantage (they make it easier to identify and connect with a large number of stakeholders) and a challenge (they lessen its ideological and empirical coherence, complicate its coordination and may increase internal tension and cause it to fragment into sub-communities).

Do collaborative economy users express environmental and social concerns? Do they give such concerns as a reason for adopting and pursuing these practices? The qualitative interviews conducted with peer-to-peer marketplace users show that extending the useful life of objects, tackling planned obsolescence and pleasing other people – which does not imply building social ties – are important motivations on some platforms, such as those for giveaways or loans between neighbours, and rarely expressed on others, such as those for the purchase and sale of used goods. Although some motivations (ease of use, circumventing the traditional consumer system) are given by all collaborative economy users, this is not the case for economic, environmental and social motivations. In this respect, there is no one type of collaborative economy consumer; there are many.

2. Turcan, M. and Sudry-le-Dû, C. (2015). La share economy : vers un nouveau modèle de société ? *Les Inrocks*, June edition.

**Figure 1 : The collaborative economy: four kind of business models (Acquier et al. 2016)**



**Key.** G: Goals E: Examples analysed. Acquier et al (2016).

\*Les mondes de l'économie collaborative: une approche par les modèles économiques. Working paper PICO.

## FROM MOTIVATIONS TO ACTUAL IMPACTS

Although it is interesting to study the role sustainable development plays in the “intentions” of collaborative project users and leaders, the real impact of the collaborative economy is even more interesting. The PICO project has therefore endeavoured to better understand the environmental and social impacts of five peer-to-peer marketplaces.

In terms of environmental impacts, do these platforms extend the useful life of goods, reduce purchases of new goods and therefore the environmental footprint of consumption (resources, transport, waste)? Contrary to what some entrepreneurs say<sup>3</sup>, goods exchanged on these platforms do not necessarily replace purchases of new goods, as different “rebound effects” are observed. For example, many people acquiring goods on these platforms – whether used items, giveaways, loans or rentals – also use them to access “extra” goods that they would never have bought. Compulsive acquisition may even occur, with platforms used for “window shopping”. Paradoxically, on LeBonCoin, this compulsive behaviour is even more common in consumers

who claim to be “eco-friendly”! Ultimately, 30% of purchases of used goods on this platform directly replace purchases of new goods.

*Quote from a Recupe.net user:* “There are things I like the look of that I wouldn't buy otherwise. I take them because the opportunity is there and somebody is giving them away”.

*Quote from a LeBonCoin user:* “Sometimes it's impulsive. If I see a good deal, I say “that's not bad” and go for it. Really, I'm window shopping, so if I see an opportunity....”

Do rebound effects for providers echo those observed for customers? We can in fact anticipate that people using peer-to-peer marketplaces may purchase more new goods in the knowledge that they will be able to resell them quickly or rent them out. People may also sell their used goods in order to pay for new ones, as is the case for second-hand car sales. Although 25% of LeBonCoin sellers say they anticipated the resale of their goods when they bought them, the qualitative interviews conducted – currently – reveal only a few cases of rebound effects among providers. Is this because these practices are still new? Or because claims are often wide of the

3. <http://secondhandeffect.schibsted.com/the-full-report/>

mark? In any event, we can assume that these rebound effects are stronger for some types of goods (cars, designer clothing, high-tech products), and therefore on platforms specialising in these goods (such as VestiaireCollective).

*Quote from a LeBonCoin user: "Bérénice is going to buy herself a Jérôme Dreyfuss bag. She said, 'you know, I'll be able to sell it again on LeBonCoin in the next few years'. She knows there's a market for that kind of thing".*

One crucial issue in the environmental impact of these practices is transport. While some platforms encourage ultra-local exchanges, such as loans on Kikakwa, others generate a large number of additional car journeys. 80% of LeBonCoin transactions require users to travel by car, for example, and half of these journeys exceed 10 km. Can these travel requirements offset transport needed to import/deliver goods to stores and to get customers to these stores? It is difficult to say. In any event, local exchanges are crucial to guaranteeing these practices have a positive environmental impact, especially for transactions on rental and loan platforms, which require more than one journey.

Where social ties are concerned, user experiences very much depend on the platforms in question. For example, LeBonCoin and Placedelaloc users are more likely to see face-to-face transactions as a constraint, and while they may describe pleasant encounters during transactions, these relations rarely last. On the contrary, Kikakwa users are more often motivated by meeting people and are more likely to develop weak and/or strong ties (regular exchanges, meetings with neighbours). Moreover, we can conclude that strong ties between users are only found on local platforms, where relations that already existed between some members are maintained and strengthened by the platform.

Finally, it is important to note that hybridisation often occurs between the business world and the domestic realm on collaborative platforms. Users continuously waver between a business rationale (primacy of the value of goods and of give-and-take, calculation and anticipation, profit maximisation, professionalisation of sales by "consumers", etc.) and a gifting rationale (primacy of the value of ties, free exchange, greater reciprocity, unconditionality and generosity). Recupe.net givers, for example, do not give their goods indiscriminately to just anyone, but anticipate who they will give

to, under which conditions, and require accountability from takers.

## TOWARDS NEW PARTNERSHIPS BETWEEN THE COLLABORATIVE ECONOMY AND THE PUBLIC AUTHORITIES

The above analysis shows that not all collaborative projects have positive environmental and social impacts. The type of goods exchanged and the transport required are crucial to anticipating the environmental impact of these practices. Moreover, if social relations already exist and exchanges are local, strong social ties are more likely to be created.

However, it appears that some collaborative projects can provide new solutions to collective challenges such as waste prevention; and that some project leaders are making these social challenges central to their innovation processes. The public authorities could therefore work with these collaborative project leaders, for their mutual benefit, in particular on the projects that are struggling the most to develop their activities: while some platforms such as LeBonCoin are very popular, this is far from the case for other initiatives that are having difficulty reaching a critical mass of users and establishing a sustainable income model, such as peer-to-peer giving or lending systems.

However, collaborative project leaders and public authorities are struggling to develop partnerships. Some of the many reasons for this are:

- Administrative silos within public authorities: the institutions responsible for waste, environment and sustainable development know little about these "digital" initiatives, do not always have the culture or tools needed to support them, and concentrate on "what they can do", in connection with "traditional" operators, such as waste recovery centres.
- Competition with traditional operators: although LeBonCoin and giving platforms are enlarging the "market" for used goods and re-use, they are also in competition with operators such as Emmaüs. These traditional operators work in close collaboration with the public authorities and, over and above their efforts to promote re-use and waste prevention, they also serve a social purpose by integrating people excluded from the job market.
- The financial sustainability of projects: policy makers are reluctant to make long-term

commitments to start-ups, whether non-profit or otherwise, as they are worried about their financial future. Creating partnerships between start-ups and “established” operators could allay these fears.

- The sustainability of projects leaders’ “values”: although some are currently emphasising their environmental and/or social objectives, especially to work with the public authorities, what will happen in the future if they find a profitable private income model?

For these reasons, cooperation between the public authorities and collaborative economy operators is currently limited, even though many of these operators would be keen to establish such partnerships:

- **To launch projects:** in some parts of France there is good support for projects launched (access to stakeholder networks, financing, incubators).
- **To communicate:** platform developers have a strong need to communicate with the general public in order to reach the critical mass of users and make their services work, and there is still not enough public authority support for this, in their opinion.
- **To build stronger partnerships:** integrating their platforms into public authority websites (for example, a giving platform on a town’s waste management website); testing their systems in certain places; becoming public service providers and being paid to make their platform available to local people. Such partnerships are almost non-existent today.

## Seoul's public strategy

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In 2012, the Seoul Metropolitan Government launched a public strategy that is inspiring in many respects. First, while collaborative project leaders in France rarely benefit from public support mechanisms for the collaborative economy – or for similar concepts such as the sharing economy –, Seoul has adopted an “active” Sharing City strategy specifically targeting this type of project.

Second, the Metropolitan Government’s strategy is based on a coherent toolkit: financing, incubation, communication, experimentation, etc. Third, it adopts a broad vision of the collaborative economy: consumer-to-consumer (C2C) collaborative projects are supported, as are B2C projects, both platform projects and physical spaces, and projects led by associations as well as those developed by companies.

Finally, it does not seek to support the collaborative economy for the sake of the collaborative economy: it identifies the challenges it wants to address (circular economy, mobility, housing) and invites collaborative economy operators to resolve these in partnership with the city authorities. It draws on the pool of innovators grouped under the concept of the collaborative economy to find innovative responses to collective challenges.

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