The sharing economy is transforming sustainability
27 October 2017, by Sarah Fecht

Sharing has always been a part of human society. But in recent years, the internet and smartphones have made sharing easier than ever. You can rent a room in someone's home, hire a ride from a stranger, borrow a power tool and more, all at the click of a button. And that is fundamentally changing the way we consume things, said Steve Cohen, executive director of the Earth Institute at Columbia University, in a talk on October 25.

"Young people are valuing experiences over ownership," said Cohen. Instead of owning a car—and the insurance and parking tickets that come along with it—many millennials would rather just book a Lyft when they need a ride. And why buy a vacation home when you can just rent an Airbnb?

These services cost less than their alternatives, and by allowing people to share more and buy less, they contribute to a sustainable lifestyle that generates less waste while still providing a positive consumer experience. The sharing economy shows that we can embrace sustainable consumption without curtailing economic growth, said Cohen.

During Wednesday's talk, panelists discussed the benefits and challenges of this emerging industry.

"If you have a car and want to earn an income, we connect you with someone who wants a ride and has money," said Jason Post, Uber's director of public policy and communications. The ride-sharing company has also started a food delivery business and Uber Freight, an app that connects shippers to truckers with extra room in their tractor trailers.

Michael D'Agostino, the founder and CEO of Tentrr, said he wants to make camping as easy as booking an Uber to LaGuardia Airport. Like an Airbnb for camping, Tentrr connects campers with rural landowners, providing a private space and all the necessary equipment. The company makes it easier for urbanites to get outside and away from their screens without having to buy a tent, lanterns, and other gear, then schlep them into the woods, then store them in their tiny apartments afterward. Compared to a stay in a hotel, said D'Agostino, Tentrr slashes water use and CO2 output. It also helps to preserve undeveloped land, and introduce the ideas of environmental stewardship.

With the sharing economy, you can even rent your clothes if you want to. Sarah Flint Stender, manager of quality assurance and sustainability at Rent the Runway (and a graduate of Columbia's Sustainability Management masters program), explained that most women only wear a special occasion dress fewer than 7 times—and textile waste is a big problem. At Rent the Runway, they aim for 30 turns, although some items get damaged sooner, and others are worn 150 times. In 2015, the company launched a reusable shipping bag that makes every shipment cheaper by $2 and has saved 900 tons of shipping waste. And since June...
of this year, Rent the Runway also takes back the plastic drycleaning bag that the garment comes in, and they're reselling it. The venture has not only reduced waste, but has cut costs and created a new source of revenue. "Rent the Runway is allowing people to be on-trend and enjoy fashion, but do it in a responsible way," says Stender.

As exciting as these innovations may seem, it's hard to upend the traditional economy and consumer values without ruffling some feathers. The sharing economy poses many challenges when it comes to regulation, said Cohen. The government is still working out how to ensure safety and equity in this new financial frontier.

"The government's job is to protect the consumer or patient, and to ensure fair value," said William Eimicke from Columbia's School of International and Public Affairs. "Technology and innovators are turning those business points upside down and making a lot of people happy," but on the other side there are concerns about fairness, he said. For example, New York City's yellow cabs pay a 50-cent surcharge per ride that helps to subsidize the subway system. Uber and its competitors don't pay that tax. In addition, investors used to have to pay hundreds of thousands of dollars to buy taxi medallions to start a small business, and then "a new company comes along and says you don't need it," said Eimicke.

Post from Uber countered that his company pays sales tax, which is higher than the typical taxi surcharge, adding that "It's the job of government to set rules for human behavior. The private sector's job is to take risks to try to find ways that improve lives for consumers."

But the relationship between sharing economy businesses and the government doesn't have to be antagonistic. Stender said that Rent the Runway makes sure its drycleaning process complies with Environmental Protection Agency standards, and claims the company is even ahead of the regulations, declining to use perchloroethylene, a common drycleaning chemical that has been banned in California.

The regulatory issues that Tentrr faces tend to occur at a local level, usually related to zoning and land use. But because these municipalities are generally interested in the sustainable tourism the company provides, they're able to work together to solve problems. D'Agostino gave an example of a community in the Adirondacks that was re-introducing a regulation to ban RV's in an area, but would unintentionally cause problems for Tentrr. So they called D'Agostino and he says he spent 10 hours at a table with local stakeholders, rewriting the regulation so that Tentrr would be compliant.

Despite the regulatory hurdles, the future of the sharing economy looks bright. "When you look at pace of change—the hockey stick graph—we are in a very early part of the curve," said Post. Currently, ridesharing only makes up about 3 percent of all miles travelled. It takes time for consumer perception to change. And government regulation, he said, "is going to take a much longer time to catch up. But when it does—watch out."

Provided by Columbia University