

Understanding the Sharing Economy

Reading Strategy

Linking

- Underline any part that explains something associated with your own experience.

The sharing economy is an economic system based on sharing assets or services, for free or for a fee, directly from and between individuals. Named in 2011 by TIME Magazine as one of the 10 ideas that would change the world, the economic model is now transforming the landscape of the world economy. There are five key concepts of the sharing economy. Here you can read about them, along with appropriate case stories casting light on what the sharing economy is and how it works.

Q1 | What did two young men in San Francisco decide to do to earn money?

The Internet Made All the Difference

Two young men in San Francisco were so poor they could not pay their rent, so they thought to rent out three air mattresses on their floor to people and serve them breakfast. They made a simple website to promote their little bed and breakfast, and three people showed up, each paying \$80. After the guests left, they thought this could be a big idea. Now their website offers 250,000 rooms in 30,000 cities in 192 countries. What they started was a whole new business model providing a platform for the sharing economy.

- asset
- fee
- landscape
- along with
- cast light on



Q2 | What was
Hyeonwoo's problem?



The advance of technology brought sharing into economy. Thanks to the Internet and digital technology, now there is much more data about people and things, which makes sharing cheaper and easier than ever. You were able to rent a private room before the Internet, but it was usually more trouble than it was worth. For example, without the Internet, how can you know that somebody has a spare room to your taste in a simple family house? Now, finding a room and booking it is simply a click away. All you need to do is to download an app. The website deals with all the rest, locating the right space and dealing with safety issues, reservations, and payment.

Access Is As Good As Ownership

Hyeonwoo needed to install a new lighting fixture on his ceiling, but a power drill was too expensive to buy only for the occasion. In Hyeonwoo's neighborhood, however, there lived someone that had a power drill but hadn't needed to use it for a long while. A sharing website that matches owners and borrowers in the same area connected the two of them. Hyeonwoo could borrow a power drill from his neighbor, paying a reasonable fee for using it. Without the service, Hyeonwoo would have had no choice but to buy the expensive tool. Now you can access what you need, even when you don't own it, all thanks to the sharing economy.

Why pay a lot of money for something when you can rent it more cheaply from other people online? Why own something

• advance
• access

• digital
• install

• spare
• ceiling

• download