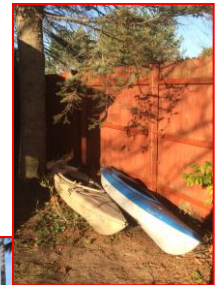




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Fostering Entrepreneurship via the Shared Economy

Andy Northrop, M.A.

Educator in Community Entrepreneurship (CEC), Land Use, and Tourism

northro5@anr.msu.edu, www.linkedin.com/canorthrop





MSU Extension Greening Michigan Institute

To foster the development of sustainable communities that contribute to the economic, social and environmental health and well-being of its people for generations to come.

**Connecting
Entrepreneurial
Communities**



Learn Share Empower Grow
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USDA UNITED STATES DEPARTMENT OF AGRICULTURE • MARCH 1998 FORM AD-475A (8/1002 3-98)

Today...

- ...is not -

- Entirely on AirBnB.
- How to restrict or eliminate
- A solution to all challenges

- ...is -

- a sharing of ideas
- A way to empower entrepreneurs
- A way to innovate and transform communities
- A way to raise awareness of what is happening outside/inside rural America

What, Where, Why, Who, and How..

- Entrepreneurship is –
The capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit. —businessdictionary.com

Sharing Economy is –
.....built around the sharing of human and physical resources...”
• -Wikipedia

Also known as...

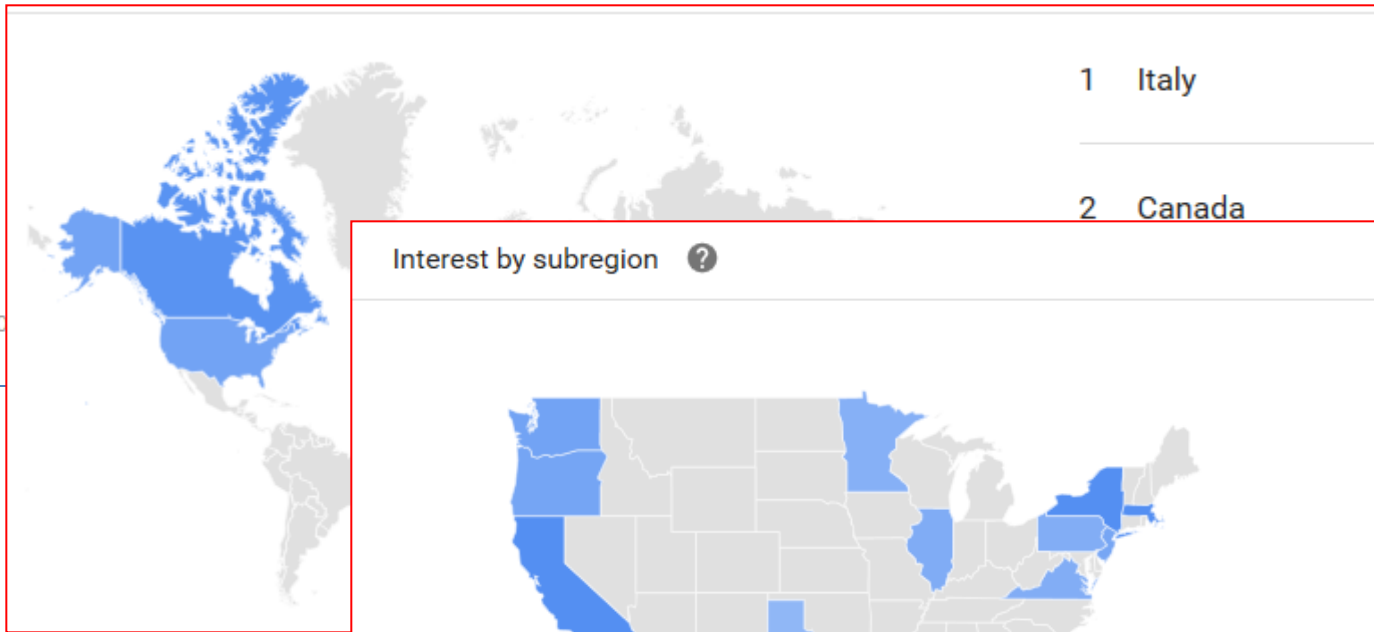
- Peer –to- Peer (P2P)
- Collaborative Economy
- Digital Economy (linked to)



Interest over time ?

● **Sharing Economy**
Search term

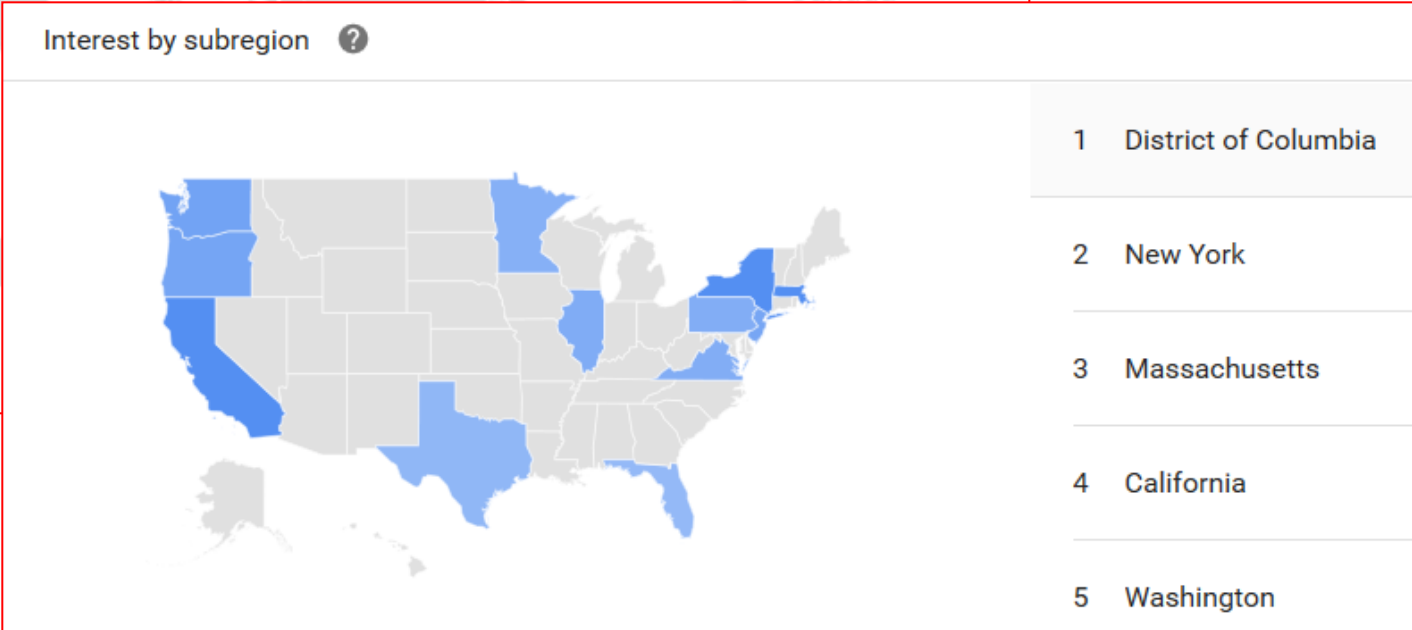
100



- 1 Italy
- 2 Canada



Interest by subregion ?



- 1 District of Columbia
- 2 New York
- 3 Massachusetts
- 4 California
- 5 Washington





Retail/Commercial



Transportation



Hardware/Services



Intellectual property/creative



Real Estate/Accommodation





Retail/Commercial



Intellectual property/creative



Locally designed tours by locals for hire...



Individual services for hire...



Homeowner lawn space for hire as camp sites...

Spinlister

Personal bikes and boards for rent...



EatWith ... a local!



- Automobiles sit idle nearly 90% of the time
- In 2015, Uber rides grew 400% and Lyft 700% compared to 2014.
- Uber passed car rentals as business travelers' top mode of choice for getting around town.
- Uber 21% more rides by business travelers than taxis during the fourth quarter of 2015
- Lyft is fastest growing ride share services in the US and exists in 190 cities



-USA today -1/2016

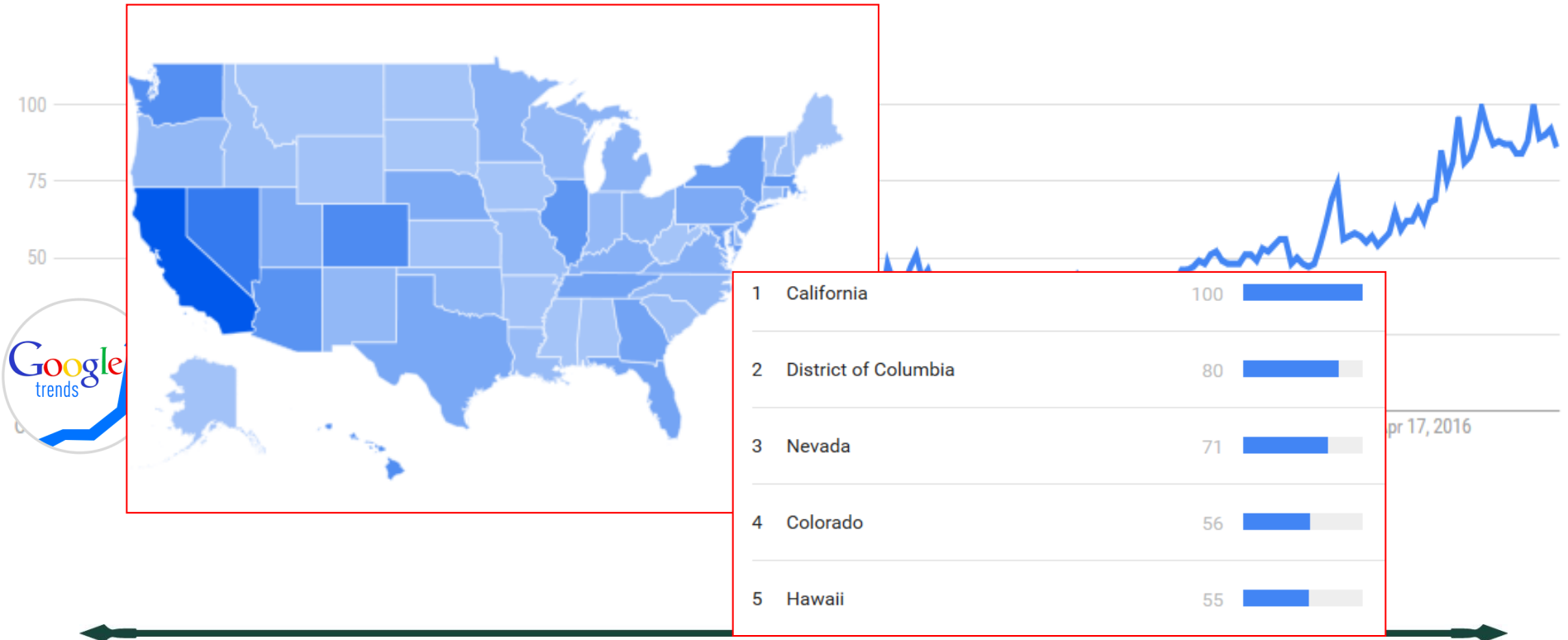
More urban vs. rural... for now!



January 2016 –

- GM invests \$500 million in Lyft to continue growth
- Redefining traditional car ownership and transportation

Interest over time ?



Apr 17, 2016



UBER

uber
Search term

Interest over time ?



1	District of Columbia	100	<div style="width: 100%;"><div style="width: 100%;"></div></div>
2	California	75	<div style="width: 75%;"><div style="width: 75%;"></div></div>
3	New York	57	<div style="width: 57%;"><div style="width: 57%;"></div></div>
4	Nevada	57	<div style="width: 57%;"><div style="width: 57%;"></div></div>
5	Illinois	55	<div style="width: 55%;"><div style="width: 55%;"></div></div>



Vacation Rental By Owners

- Paid accommodation to visitors based on rating systems
- Rooms and/or entire houses are rented for time period
- \$10 Billion Industry – Airbnb
 - 34K Cities, 190 countries, 22 languages

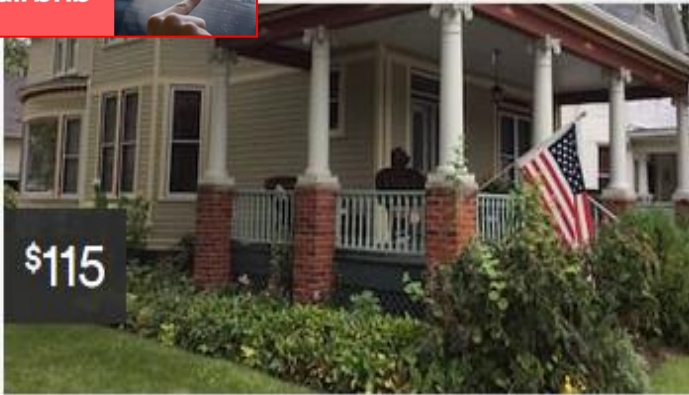


Most controversial...

- Rules/Regulations are undefined by communities/cities
- BnBs have permits, AirBnB typically does not
- Aren't able to collect tax/bed tax
- Liability
- Government is slow and reactionary
- "Community" model provides quality control

- Developed out of the housing crisis in 07/08

Is the “sharing economy” in my community?



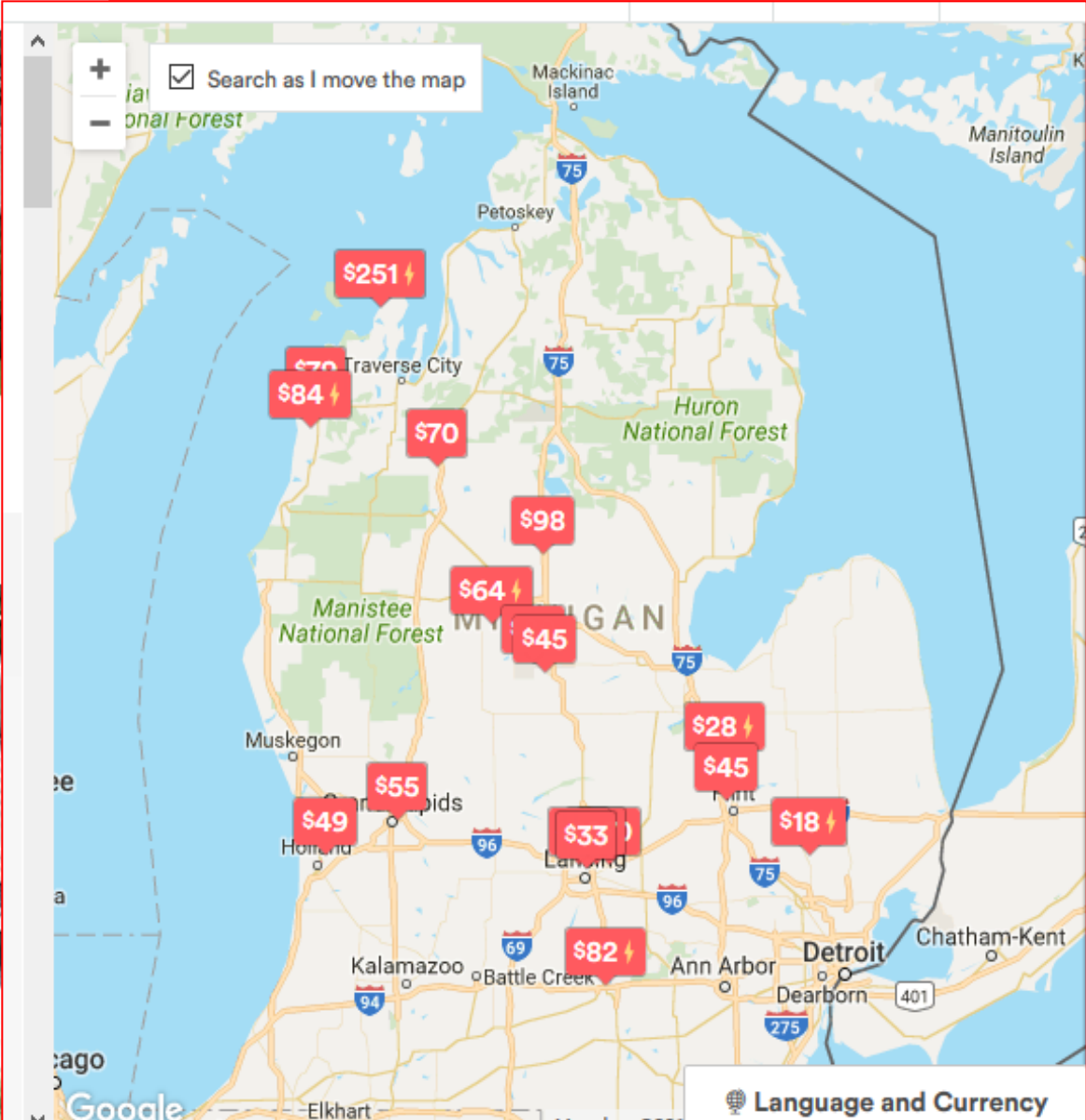
\$115

Pleasant Place Inn B&B Captains Rm

Private room · 2 guests · ★★★★★ · 4 reviews



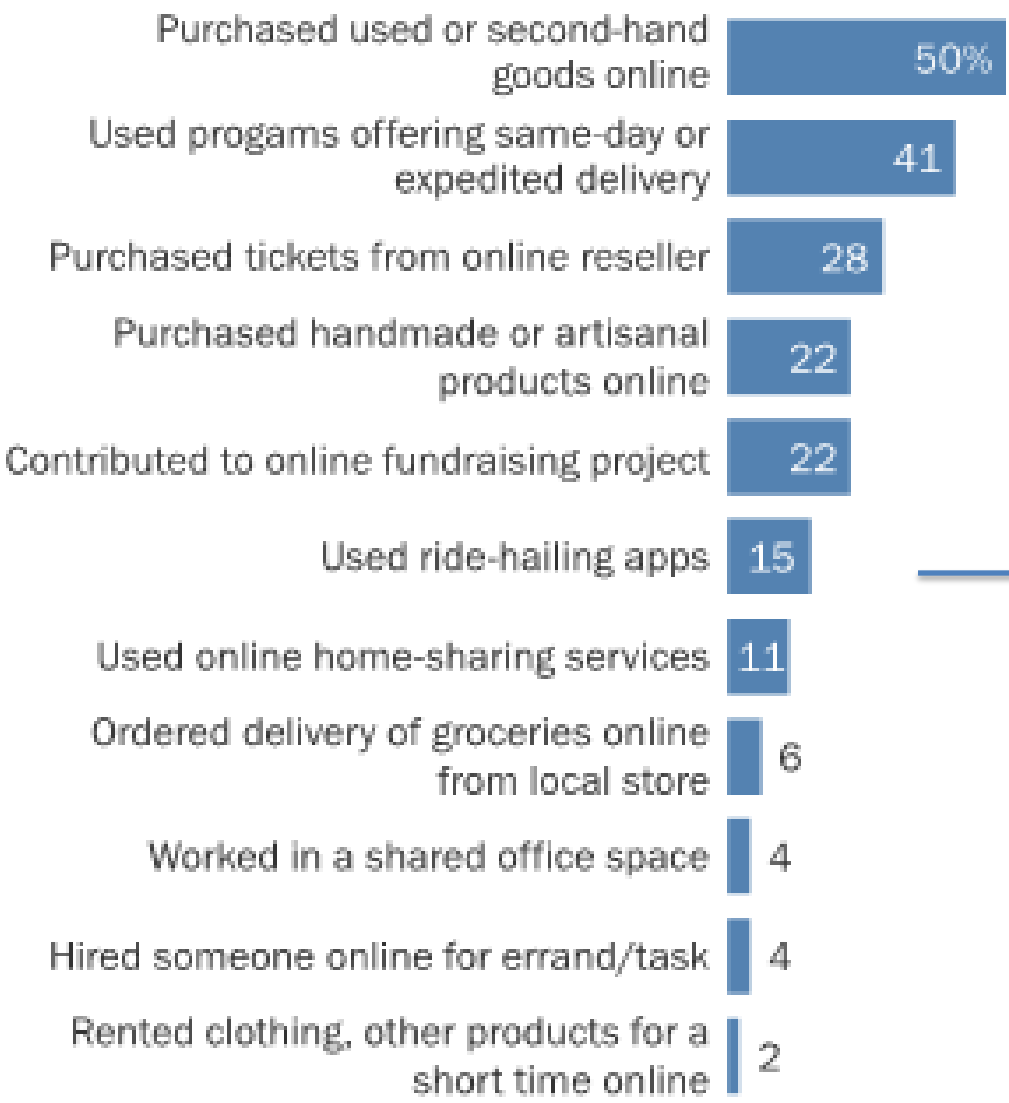
\$42



72% of Americans have used some type of shared or on-demand online service

Pew Research Center, 2016

% of adults who have ...



Urban/Suburban residents
2x more likely to use four or more

→ + %28 for 18-29 year olds

39% of college grads have used four + services



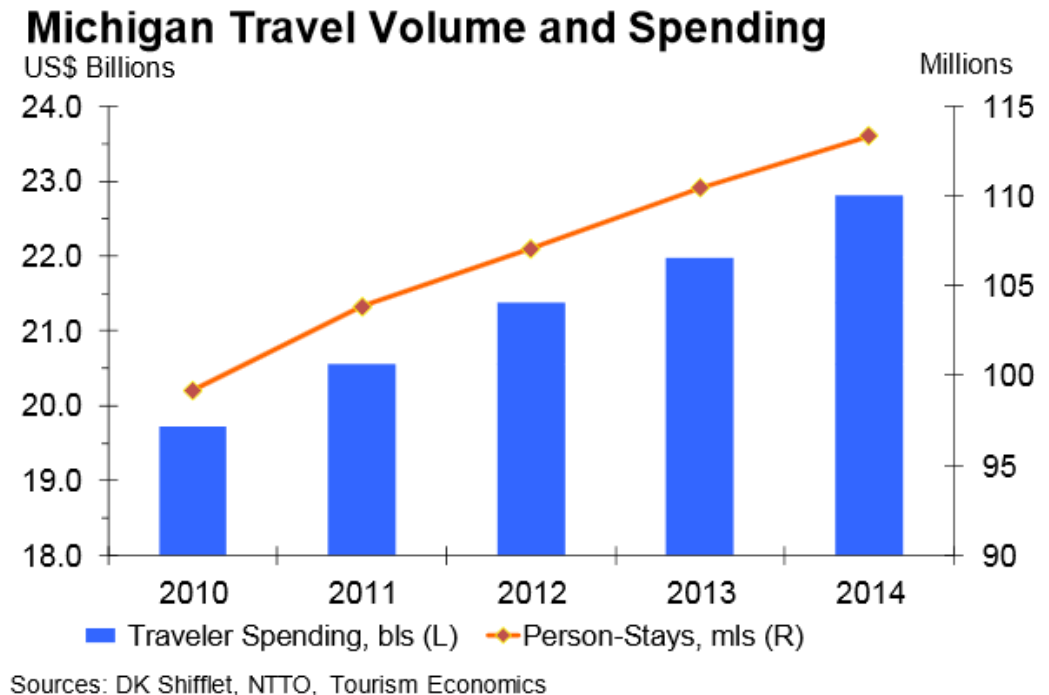
Shifts in Travel & Tourism

- Importance of Technology
 - Shaping communities & experience
- Technology Enables Communication
 - Extremely important
 - Without people feel powerless
 - Connectivity to plan and organize
 - Applicable to most generations now



Michigan tourism continues to grow

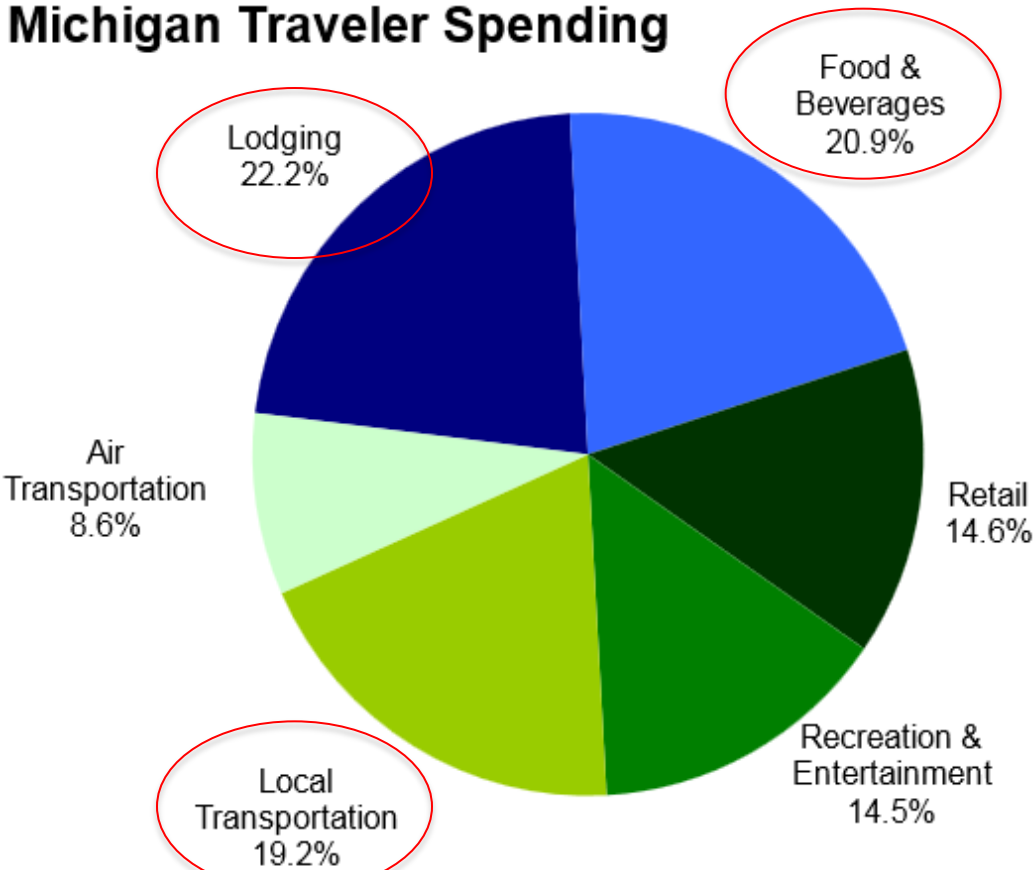
- Both the number of visitors and their spending continued to grow in 2014.
- Visitation reached 113.4 million in 2014.
- Traveler spending continued to grow, increasing 3.8%.



- The \$2.4 billion in state and local revenues from visitor activity

Traveler spending by sector

Michigan Traveler Spending



Sources: DK Shifflet, NTTO, Tourism Economics

62.3%

- F&B spending represents more than a fifth of all traveler spending.
- With growth in both occupancy and room rates, the share of the traveler dollar spend on lodging has grown to 22.2% in 2014.
- Retail purchases represent 14.6% of every traveler dollar.



Entrepreneur!

MILLENNIALS

Social creatures. Millennials are nearly three times as likely to accept a travel company's social media popularity as an indicator of a brand's credibility. Nearly half of these travelers (47.3%) say that if a travel company/organization has many fans/followers, they are more likely to trust it. Only 18.3% of Baby Boomers agree.

Travel optimists. They are twice as likely to say they will travel more in the upcoming year (52.1% vs. 24.1%) than Boomers. They are also far more likely to say they plan to increase their spending on leisure travels (48.6% vs. 27.5%) in the next 12 months.

High spending expectations. The typical Millennial expects to spend at most \$3,005 on leisure travel this year. These spending expectations are nearly identical to Boomers who have budgeted an average of \$3,044 for this year's leisure escapes.

High-tech economizers. Millennials tighten their financial belts differently. Nearly half of Millennials (42.7%) expect to use group discount websites (e.g., Groupon, Living Social, etc.) specifically to save money this year. Fewer than one in five (19.1%) Baby Boomers will do so.

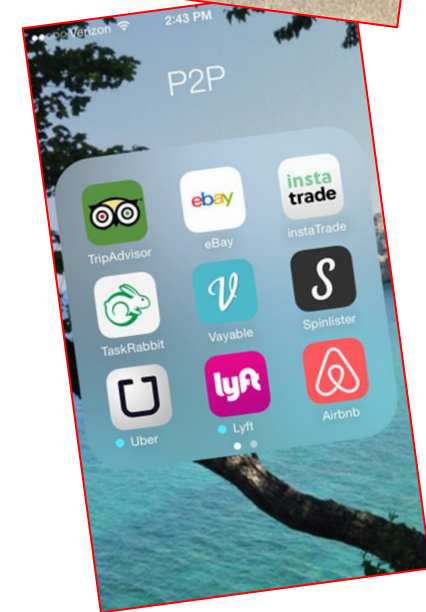
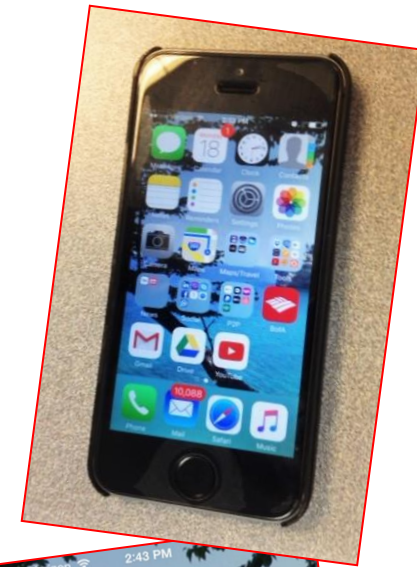
BABY BOOMERS

Surprisingly wired. The typical Baby Boomer uses 2.3 computing devices (desktops, laptops, tablets and mobile phones.) Statistically speaking, Baby Boomers personally use the same number of these devices as do Millennials.

Losing their edge? The rock n' roll generation has clearly aged and become more risk averse. Millennials are three times as likely as Boomers to have "done something risky or dangerous" while traveling in the past year. These younger travelers are also twice as likely to have "done something they regretted later."

Staying closer to home. Baby Boomers take about as many leisure trips as Millennials, but they are far less likely to venture abroad. In the past year, the typical Boomer took 4.4 leisure trips, but only 17.2 percent of them venture abroad for leisure. 32 percent of Millennials vacationed outside the United States.

Traditional thriftiness. Baby Boomers also save money differently. Unlike Millennials and their group discount websites, these older travelers report being about three times as likely as Millennials to say travel rewards programs (hotels, airlines, etc.) are important to how they generally plan their leisure travels.



Demographically Speaking

Travelers in these two generations differ on all measures except education, with equal proportions of both groups having at least a college education (Millennials at 46.6% and Baby Boomers at 48.6%). Millennials are less likely to be married (40.0% vs. 64.6%), more ethnically diverse (non-Caucasians account for 37.0% vs. 13.3% of respondents), more likely to live in an urban area (33.1% vs. 19.4%) and have lower average household incomes (25.1% vs. 36.0% greater than \$80,000.)

LESS IMPORTANT →

BABY BOOMERS

GEN X

MILLENNIALS

ACTIVITY SEEKERS

Prefers active vacations



57.9

60.1

61.2

CONNECTIVITY

Connected during leisure travel and its planning



55.7

61.7

64.5

TRAVEL PLANNING INTENSITY

Intensively plans leisure travel



59.7

62.1

61.7

NATURE LOVERS

Desires rural or urban travel experiences



64.9

60.5

58.1

CULINARY INTEREST

Food & cuisine driven traveler



62.7

68.4

69.4

AUTHENTICITY

Wants the real destination vs. commercial tourism product



65.1

66.2

65.9

CULTURAL INTEREST

Wants to engage a destination's arts and culture assets



65.3

70.0

72.3

PRICE SENSITIVITY

Concern about pricing drives demand for leisure travel experiences



69.7

70.3

68.5

EXPLORATION HUNGRY

Gains pleasure from exploration while traveling



73.0

71.2

68.9

Average Traveler Psychographic Intensity™ Index score

40

50

60

70

80



Authentic



KEEP IT LOCAL!

Play. Shop. Dine.

where do locals
Search term



• ...for tourists?

- Authentic and unique
- Social and interactive
- Easy and accessible
- Dilutes the “tourist feel”, creates “local feel”
- Direct benefit to entrepreneurs
- More bang for the buck!


■ ...for providers?

- Entrepreneurial
- Independent
- Own boss
- Resource and asset maximization
- Interactive and social
- Creative
- Good money!

Some (tourism) challenges in rural communities

- Shortage of...
 - Hotels/Accommodation
 - Transportation
 - Information
 - Services
 - Entrepreneurship Opportunities
 - Economic Development
- Surplus of...
 - Housing (accommodation)
 - Space and/or Land
 - Information (experience)
 - Assets
 - Cars
 - Bicycles
 - Agriculture/Food

Shared economy provides opportunity rarely considered before



How can small businesses/entrepreneurs benefit from the Shared Economy?

- Renting unused assets (small and large)
- Maximizing unused services and/or products
- Become a shared office (or house)
- Reach a wider audience
- Reduce costs by using platforms
- Borrowing money for growth (i.e. crowdfunding)
- Outsourcing online to execute tasks
- Flexibility and ease of use



How can communities strengthen entrepreneurship using the Shared Economy?

- Model from national/international successes
 - (See Resources: Policies for Shareable Cities)
- Engage the public from the beginning
 - What does the community want?
- Identify standards that will apply
- Foster private and public partnerships



How can communities strengthen entrepreneurship using the Shared Economy?

- Put it on paper & Plan for it!
 - Master Plans
- Zone for it – adopt regulations via zoning ordinances
 - Revisit zoning ordinances
 - Determine ordinance validity in the 21st century
- Define short-term rentals as commercial use
 - Corporate attorney in municipal and land use law recommended



Shared Economy Examples



Occupancy Tax

- San Francisco, Portland, Austin...

New Zoning Use Categories: Cohousing and Eco-villages

- Amherst, MA



- Create \$\$ incentive based programs for sharing –
i.e. biking to work, bikeshare programs



Creating “Tool” Libraries – Berkeley, CA

Shared Economy Examples



- Retail/Commercial/Job Creation
 - Pop-up Retail
 - Business Cooperatives
 - Nano-enterprise Development
 - Ferndale, MI



- Urban Agriculture
 - Food security / reuse of land
- Mobile Food Vending
 - Draws people out
 - Fills vacant space
- Home-based food production/Cottage food

- **Americans and the new digital economy: 8 key findings**
 - <http://www.pewresearch.org/fact-tank/2016/05/19/digital-economy-key-facts/>
- **Policies for Shareable Cities: A Sharing Economy Policy Primer for Urban Leaders**
 - <http://www.shareable.net/download-your-copy-of-policies-for-shareable-cities>
- **Local Governments and the Sharing Economy**
 - <http://localgovsharingecon.com/>
- **6 Ways Small Businesses Can Benefit from The Sharing Economy**
 - <https://www.entrepreneur.com/article/275404>
- **Business travelers prefer shared economy services when traveling**
 - http://msue.anr.msu.edu/news/business_travelers_prefer_shared_economy_services_when_traveling
- **Tourism Economics, Michigan Economic Development Corporation 2014**
 - <http://www.michiganbusiness.org/cm/Files/Reports/Michigan-2014-Tourism-Economic-Impact.pdf>
- **Considering regulation of short-term rentals in light of the sharing economy: Part 1**
 - http://msue.anr.msu.edu/news/considering_regulation_of_short_term_rentals_in_light_of_the_sharing_econom

How have you/your community used the shared economy?



Survey

Connecting Entrepreneurial Communities

Thank you!

Howell 2017!



Andy Northrop, northro5@anr.msu.edu, www.linkedin.com/canorthrop

