

Sharing Economy under COVID-19: Evidence from the United States

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ABSTRACT

The implication brought about by COVID-19 in the first quarter of 2020 impacted the sharing economy in the United States. The research study explored the sharing economy in the US during the pandemic; the data studies were from January 2020 to June 2021. The purpose of the article is to understanding the economic pressures put on the sharing economy in the United States by covid19, as well as assessing the interactions between customers and suppliers in the sharing economy during the pandemic. Significantly, this information will help in understanding the importance of shared economy during crises and take advantage of the advancing technology in the current market and in the future. The focus was on the online platforms and the dynamics between consumers and suppliers in the US market. The study used a content analysis approach to evaluate data since no first-hand data on the shared economy would significantly help build a research conclusion. The study's findings showed that as the COVID-19 measure took effect, the SE innovatively increased to maximize production and supply to consumers. Different supply chains such as Wal-Mart, Amazon, and other retailer outlets implemented a new mechanism to help improve suppliers and efficiently work under tight COVID-19 measures. In conclusion, the study concludes that as a result of COVID-19, the SE took a new entrepreneurial direction in increasing diversity within the US environment and recommends further study on SE on consumer perception to ascertain the future of SE in the US.

Keywords: Shared Economy, United States, COVID-19, Online Platforms, Wal-Mart.

1. INTRODUCTION

1.1. Research Background and Motivation

The outbreak of COVID-19 in Wuhan, China, at the end of 2019 predominantly affects the people's lifestyle from the social lifestyle to economic conditions. As the pandemic exponentially continued to spread across the globe, new social measures took effect. Almost every government from Asia, Europe, America, and other continents implemented a new directive to counter the spread of the virus. The use of total lockdown and social distancing measures decreased the physical interactions between economic participants and market players. As a result of new directives from the governments, resource sharing became an efficient way of complementing the new social lifestyle. The shift in consumers' attitudes and the increased knowledge in communication, technology, and information have shifted the sharing of economic resources [1]. The new innovative business practices from the e-commerce world to service providers have boosted

economic sharing amid the COVID-19. The closure of the entertainment industry in Europe and Asia significantly affected the entertainment market as theaters and other cinema centers were closed to help combat the spread of the pandemic. As a result, new shared video streaming sites grew with a significant margin. The implication saw the rise of Amazon Prime, Disney, Goojara, Netflix, and many other online streaming services. Video streaming in the entertainment industry shifted from the physical environment to home-based services. These saw an increase in entertainment by over 65%, both in building new sites and consumer demand in the last quarter of 2020 [2]. Thus, a shared economic pool in entertainment increased significantly in other parts of the world such as America, Australia, and Africa due to the COVID-19.

Objectively, the article aims at understanding the economic pressure exerted on the sharing economy in the US by covid19. The article also aims at evaluating the dynamics between consumers and suppliers in the sharing economy during the pandemic. The importance of

this article is to help consumers, suppliers, and investors in the US understand the economic situation of the shared economy and take any market opportunity.

Moreover, the technological progress before the pandemic increased the designing of online shopping and delivery of goods to the designated location of the consumer. Online shopping in purchasing consumer goods and food delivery was one of the most efficient ways to improve economic sharing between consumers. In Europe, the study shows that in 2019 the online shopping was 8.4% and was mainly done through mail order and the company phone number. The e-commerce business in Europe was boosted and achieved from sites such as Amazon, Otto, Apple, John Lewis, and many other places that significantly served the European market [3]. In the first quarter of 2020, online shopping increased by 16% within the European countries; in the USA, the online demand increased by 24.4% by August 2020 as people primarily relied on online platforms in purchasing goods. The US recorded a significant increase in online shipping from organizations such as Wal-Mart, Amazon, eBay, Dollar Tree, and many other sites that increased the consumption of goods in the US during the pandemic. At the end of 2020, the consumption of goods in the US was valued at \$791.7 billion in terms of 2020 expenditure. The increase in purchasing of interests led to the innovation of new sites and applications that quickly connected supply chains and consumers. Notably, due to COVID-19, the global society realized a new opportunity to share the economy. This was achieved from different economic sectors. The new social normalcy forced people to search for new ways to services their consumers. Companies such as Airbnb and Uber made some adjustments to reach their consumers efficiently. Specifically, the USA market increasingly expanded the access of goods, services, and creativity in reaching out to consumers. Companies and business entities had to look for new ideas to reach consumers effectively. Companies across the US improved their employee services by allowing the work from home policies through online interactions. Therefore, the paper focuses on understanding the shared economy of the US during the pandemic.

1.2. Literature Review

Notably, the understanding of economic sharing in the US during the COVID-19 crisis has been studied by scholars to ascertain the company's financial situation. This section outlines several analyses and findings from existing literature on economic sharing during the pandemic in the US. The relevance of this is to understand the research study from a diverse research work that was previously conducted. The study by Hossain (2021) focuses on understanding the effect of COVID-19 on sharing economy at the global level. The research study evaluates different economic sectors and their approach to

overcome social distancing and lockdown from the public authority [4]. The study showed that most countries that implemented the COVID-19 measures proportionately forced the market participant to implement new strategies in keeping a constant market supply. With the current situation on Shared Economy (SE) at the global level, the study forecasted that SE will increase from 15 billion dollars in 2015 to over 335 billion dollars by 2025 [5]. The evaluation on the SE and the market activities showed that consumers and supplies had ventured heavily in vital mechanism that limits the relationship between store, market, and consumer. The increase in the SE value in the first decade of 2020 to 2030 has been attributed to the implementation of new and innovative ideas that complement the supply of goods and services.

The new digital platforms and technology have significantly improved the way people preserve online services. According to a study by Filippas, Horton & Zeckhauser (2020), the new innovative ideas in the technological sectors have increased the paradigm of sharing in the economy in the USA [2]. The new innovative design by Task Rabbit and Uber improvise paradigm models that incorporate the companies with the online platforms for communal services rather than commercial. The companies' focus of this innovative framework would shift standards and value to political and civic collaboration within the community amid COVID-19. The findings of this study were focused on improving communal responsibility not only in American society but also in the environment where this organization operates. Similarly, the survey by Cui & Zhang (2020) on the mechanism of SE within the US economy performance found that organizations such as Wal-Mart, Amazon, Airbnb, and other e-commerce in all the American states were encrypting their online services to social media platforms [6]. The objective was to ensure that their services efficiently and quickly reached consumers from diverse positions within the social and economic environment.

The current findings from Dirgová et al. (2018) argue that SE in the USA has been enhanced through the maximization of technology and the internet [7]. Their study showed that the driver to a strong and creative SE environment was influenced by the advanced technology and access to more information between consumers and the supplier through websites and online platforms. Economic incentives realized amid the pandemic in using SE have tentatively forced online platforms to support the need to reach consumers. According to the study by de Sousa Jabbour et al. (2020), the US shared economy during the pandemic constituted two significant dimensions: service receivers, the consumers, and service providers that formed the suppliers at the market [8]. The findings from the study show that the proportionate increase in the number of service receivers contributed to the rise in more efficient and sufficient technological systems to support the pressure from the consumer market. According to Maskara (2020), peer-to-peer lending in the US

tentatively increased in the first quarter of 2020 [9]. The increase in peer to peer lending market was due to the measures taken to curb the spread of the virus. The loss of jobs and the increased expenditure at home contributed heavily to the demand for financial support. This implication led to the use of Crowdfunding, prosper, lending club, and the new lending platforms such as perform, upstart, payoff, and many other lending platforms in the US shared economy. The research study also argues that though there was an increase in the peer to peer lending forms and another supply chain, some of the hospitality and transport services lost their workflow as people were forced to work from home; these services included Uber, Airbnb, and other online services that offer transport services. The literature study by Hossain (2021), Filipinas et al. (202), and Cui & Zhang (2020) will significantly help in relating the previous SE outcomes both in the US and across the globe [4, 6]. Also, the literature will help to understand several SE sectors that improved and the existing effect from the pandemic in 2020.

1.3. Research Contents and Framework

Regarding the COVID-19 effect, the economy was primarily affected as social distancing and lockdown took effect. This saw the closure of business and the physical purchasing of goods and services at the market. As a result, SE took a new direction in helping the continuity of economic activities. The peer-to-peer and collaborative behavior will assist in defining the theoretical approach that enabled the survival of consumers during the strict implemented measures. The empirical analysis will sort out different SE sectors and introduce a new and innovative system in the market. The study will focus on the United States as an area of concern for this research study. With the creative ideas and growth during the pandemic, the research study will use innovative economies as a theoretical approach to SE in the US. In this article, the first part is the introduction, followed by theory and empirical; the third part is the result and discussion and conclusion as the last part.

2. METHODOLOGY

2.1. Theoretical Analysis

This section provides the various schemes and methods employed to help the researcher answer the raised research objectives. The section also gives the multiple areas and phases that followed in methodological aspects. It contains subsections such as empirical research and data sources for the research study. The study will analyze secondary employee data as the quantitative approach in analyzing the SE; this study will consider incidents, decisions, and events regarding US SE revenue, e-commerce turnover, service sector, and technological di-

mension. Harding (2018) described data analysis techniques as the systematic process of applying logical and statistical approaches to illustrate, describe, condense, recap, and evaluate the collected data to determine the relationship between variables under study [10]. The second-hand data is more fundamental for the research study since the first-hand data could not provide sufficient information about the nature and effect of COVID-19 in the US on SE.

Empirically, the focus of the study is on the state of SE during the pandemic; the data collection will be based on collecting information about SE and their financial and progressive growth during COVID-19. The data source for the study will consider the monthly activities from January 2020 to May 2021 on SE in the United States. According to Clark and Vealé (2018), the data collection method is the strategic mechanism employed by the researcher to gather and measure the variable of interest to understand the various relationships between the variables and provided inferences to the study [11]. The study used secondary sources to collect and gather the required data on the variables [3]. The primary data source for the research study will be articles, newspapers, blogs, financial reports, press data, SE organizations, and other relevant scholars linked to the study of SE in the US. Regarding the online research data on SE in the US, the main keyword used in research relevant sources was based on 'Shared Economy under COVID-19 in United States' in sources materials from Google as the primary electronic data source.

2.2. Data Analysis

All the data necessary for the study was collected by downloading the relevant information to the research study. The research was in line with the expected outcomes from the data results such as secondary sources with SE revenue in the US, various SE organizations and their technological progress during the pandemic, the impact of the pandemic on SE in the US, and the online service sector growth in the US. After that, content analysis was applied to understand the incidents, decisions, and events during the pandemic [12]. The approach was achieved by organizing diverse information, forming different data groups, and coding knowledge to assess the SE. The content analysis on the data focused on descriptive information, critical aspects such as SE revenues, Service sectors, several dimensions of the sharing economy during COVID-19 in the US, and other related factors on SE under COVID-19 in the US. The outcome from the content analysis was then obtained from these secondary materials from the SE on online platforms, service receivers (consumers), and service providers (market suppliers) in the SE market in the US.

The advancement in technology in the US largely contributed to the continued growth in the production of goods and services [13]. The introduction of new and

modification lending platforms saw SE's expansion in the US during COVID-19. The content analysis extracted from various data sources shows that different platforms have been designing to provide additional economic services in the US market. Under the platforms in understanding SE during the pandemic can be simplified in form of financial services, entertainment, purchasing services, sporting services, and other vital platforms that provide economic benefits to the users [4]. Also, other platforms increased due to the increase in their demand in the US market. As a result of social distancing measures and closure of entertaining sectors such as theaters, sporting such as WWE and other entertainment outlets in the US, as shown in Figure 1, where the study showed that payment in online streaming increased by 76% between 2020 and May 2021.

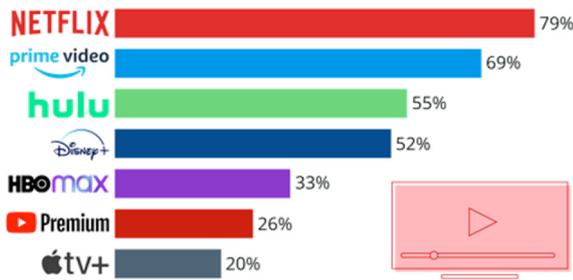


Figure 1 Graph showing online shared stream in the US (Sönmez et al., 2020) [14]

The consumer is the sole benefactor of the SE activities as they must compensate or pay the service provider. During the pandemic, the loss of employment in the US led to the change from retail services to non-retail services in the provision of goods [15]. Figure 2 below shows the increase in demand for goods from Amazon, Wal-Mart, eBay, and many other online platforms that supply goods in the US. The rise in ecommerce in the SE within the US demanded the need to venture into the non-retail market.

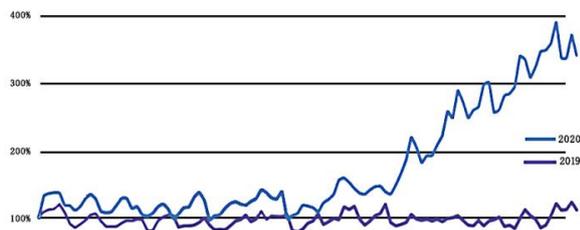


Figure 2 Graph showing shared economy in the US from 2019 to 2020

As discussed above, the retail sector introduced a consumer-based mechanism to help in keeping their supply during the pandemic. In 2020, the SE recorded an enormous increase in online services; Amazon introduced a new biometric payment method in their supply chain. Similarly, the rival partner, Wal-Mart, launched Aphabet that speedily improved the packaging of goods

for online delivery [16]. The following graph shows the rate of improvement done in the ecommerce business between 2019 and 2020.

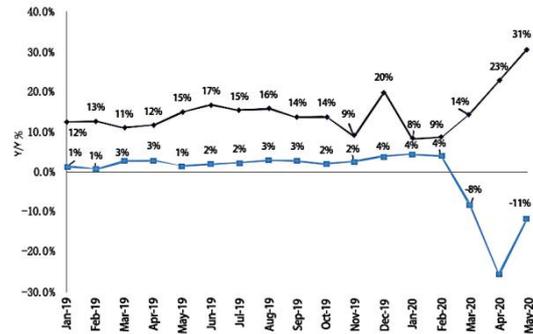


Figure 3 Graph showing introduction of the new online mechanism by retailers in the US from 2019 to 2020

3. RESULTS AND DISCUSSION

The results obtained from the content analysis were compiled together to explain the SE situation in the US during the pandemic. The information obtained from the data analysis was also compared with the material from the literature to help in giving a future direction on the research topic. The implication of COVID-19 to the United States SE was one-sided such that some of the SE markets were positive affect as the pandemic forced more demand by the consumers. Some of the sectors that recorded an increase in consumption rate in the USA were the entertainment, financial transaction and lending services, e-commerce services, and other online-based commercial services. The changes in demand in the SE can be explained by the reduction of physical market trading (traditional market) and the advanced technological know-how by different entities in the USA. However, services in the transport, tourism, and hospitality organizations such as Uber and Airbnb declined due to their direct services to their consumer creating controversy in fighting against the spread of the variant.

Personal financial constrain was one of the major effects after the pandemic due to huge job loss and the lockdown measure. The use of peer-to-peer lending services in the US was influenced by the necessity to finance personal needs. Individuals could access money without using the long channels in the financial institutions. The demand for financial support led to an increase in the use of peer-to-peer platforms. The impact of using the online platforms was due to the rationality of the consumers from the mode of payment, selection of different retailers, new loyalty programs, price comparison, discovering new products within a short time, and the fulfillment options to the consumers. The retail industry has leveraged the technology by incorporating programs that entice the purchasing of products from consumers. The delivery of goods and product to their premises increased the maximization of company products amid the covid19

crises. Consumer anxiety and the need to finance basic needs influenced the cost to demand goods and services online rather than violate the federal government's measures. Similarly, several scholars have found that the SE in the US had been harshly affected in some sectors. As a result of covid19, companies such as Uber, they had to reintroduce the travel insurance cover to safeguard their consumers and employees from the variant [11]. The company created an additional online platform from their site to facilitate healthcare for their contractors. The Uber clients were collectively brought into one financial pool to benefit from the company's healthcare cover.

4. CONCLUSION

In conclusion, the sharing economy in the US during COVID-19 grew at a very high rate due to the measure requirement taken by the federal authority. The literature study findings showed that the SE revenue increased proportionately as strict COVID-19 measures took effect. New mechanisms were adopted by Uber, Task Rabbit, Wal-Mart, Amazon, and the entertainment industry. The increase in peer-to-peer lending impacted the US financial market, as private entities circulated more monetary funds within the economy. Notably, from the content analysis of the secondary data, the research findings showed that has COVID-19 effect increased, and the new measure took effect in the US entrepreneurial prospects increased. The retailer industry was more focused on a consumer-centric approach, and the entertainment industry improved its service coverage, subscriptions rate, and free entertainment bonuses on the online platforms. Thus, the research recommends further studying the existing relationship between SE and consumer perception to understanding the shared economy's future. Therefore, the sharing economy under COVID-19 in the US took a new shape that might remain a cultural norm in the Shared Economy in the USA and across the world.

Significantly, the finding from the research study shows that shared economies in the US increased proportionately. The increased use of shared economic markets has offered an opportunity to suppliers and investors. These business proprietors can project and take the opportunity not only to global crises such as covid19 in the future but also operate under normal economic conditions such as before the pandemic. Last but not least, going through the article, consumers can take advantage of the advancing technologically-driven market in the present and the future.

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