Fostering Entrepreneurship via the Shared Economy

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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**

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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..

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Key terms...

- 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 – “…leveraging information technology to empower individuals, corporations, non-profits and government with information that enables distribution, sharing and reuse of excess capacity in goods and services…” —Harvard Business Review
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)
Retail/Commercial

Finance

Intellectual property/creative

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Locally designed tours by locals for hire…

Individual services for hire…

Homeowner lawn space for hire as camp sites…

Personal bikes and boards for rent…

… a local!

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• 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!

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January 2016 –
• GM invests $500 million in Lyft to continue growth
• Redefining traditional car ownership and transportation
• 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

Vacation Rental By Owners

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

% of adults who have ...

- Purchased used or second-hand goods online: 50%
- Used programs offering same-day or expedited delivery: 41%
- Purchased tickets from online reseller: 28%
- Purchased handmade or artisanal products online: 22%
- Contributed to online fundraising project: 22%
- Used ride-hailing apps: 15%
- Used online home-sharing services: 11%
- Ordered delivery of groceries online from local store: 6%
- Worked in a shared office space: 4%
- Hired someone online for errand/task: 4%
- Rented clothing, other products for a short time online: 2%

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

Pew Research Center, 2016
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

- Lodging 22.2%
- Food & Beverages 20.9%
- Air Transportation 8.6%
- Retail 14.6%
- Recreation & Entertainment 14.5%
- Local Transportation 19.2%

- 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.

62.3%

Sources: DK Shifflet, NITC, Tourism Economics

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Entrepreneur!

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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 $3,006 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 (18.1%) Baby Boomers will do so.

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.)
**Connectivity**
Connected during leisure travel and its planning

**Authenticity**
Wants the real destination vs. commercial tourism product
Authentic KEEP IT LOCAL!
Play. Shop. Dine.
• ...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!

Why is this important…

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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

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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

Policies for Shareable Cities: A Sharing Economy Policy Primer for Urban Leaders
http://www.shareable.net/download-your-copy-of-policies-for-shareable-cities
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
Resources Referenced:

- 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

- Considering regulation of short-term rentals in light of the sharing economy: Part 1
How have you/your community used the shared economy?

Survey

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Connecting Entrepreneurial Communities

Learn Share Empower Grow

Thank you!

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Howell 2017!