THE SHARING ECONOMY AND THE MOBILE INTERNET: HOW FAR CAN WE GO?

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What is sharing economy? Why is it becoming significant in the recent years? Why has it been so closely associated with the mobile Internet or smart phone? Is it interrupters of the traditional economy, or it has gone too far to cause a lot of regulatory or legal issues? What are the challenges the sharing economy is bringing to the modern society? Can it survive and grow? And above all, is it a part of how we live and work in the near future?

The sharing economy refers to that people share their assets on the Internet with a massive market of users, anywhere and anytime, facilitated by the mobile Internet where smartphone use is pervasive. The sharing economy is also called pairing economy or peer-to-peer economy. The fundamental principle is that what's mine could be yours, and everything is for hire or sharing with a reasonable cost; and the ubiquitous mobile Internet can help greatly reduce the transaction cost for the sharing economy.

The sharing economy is becoming the great benefit of the digital age. Some examples include Airbnb, Uber (private car driver), and Lyft & Zipcar (car sharing and car club service). Airbnb was founded in August 2008 in San Francisco. It is available on multiple device platforms for individual to share/rent out their lodging or apartment for a fee. Since then, more than 4 million people have used it—2.5 million of them in 2012 alone. As of summer of 2014, it has over 500,000 listings in 33,000 cities and 192 countries. No hotel chain can be this big and this fast.

There are two important characteristics of the sharing economy: First, the transaction cost can be very low, thanks to the Internet and mobile technology which have made sharing assets cheaper and easier than ever; and second, a sizable market can be quickly created and the market scalability is efficient and effective – this has allowed the sharing economy to relatively reach what we traditionally scale economy.

However, there are a lot of issues that have to be dealt with before the sharing economy can grow larger and faster. These issues can largely decide how far the sharing economy can go. These issues include 1) regulatory uncertainty – an example of this is "Will room-renters be subject to hotel taxes?" 2) Competition against traditional providers - The incumbents will try very hard to destroy the competition from the sharing economy; 3) the traditional union; 4) the legislation that is needed but always falls behind; and 5) other geopolitical or political reasons.