

# NAB Special Report

## How Australian business views the sharing economy

by NAB Behavioural & Industry Economics

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The **sharing economy** (also known as the “collaborative economy”, “peer economy”, “access economy”, etc.) is a rapidly growing economic model based on ‘access to’ rather than ‘ownership of’ physical and human assets like time, space and skills. Examples include Airbnb (where people can list, discover and book accommodation) and Uber (the ridesharing app connecting riders to private cars). **NAB’s own data suggests growth is averaging around 140% per year, but from a low base.** While the most prominent sharing services are based around accommodation, transport & cars, the sharing economy is growing across a range of goods and services - everything from clothing exchanges to private driveways for car parking.

In essence, the sharing economy is putting more consumers in touch with more suppliers. While the sharing economy is not new advances in technology has been a key enabler driving growth. The internet has provided an easier (and cheaper) means to aggregate demand and supply, process payments securely and assist in establishing trust through online review systems and networks. As a result, some existing business models have been disrupted, but for others it has provided a cost effective platform to compete - often against much larger and better resourced businesses. As the sharing economy matures, it will most likely become a complement to existing business models rather than simply a competitive threat, as evidenced for example by the evolution of online retail which has become an important additional platform for many traditional bricks and mortar retailers. This should see the sharing economy become increasingly important for a range of business, helping to drive its growth and reach further.

**In this special report, NAB looks at how Australian firms - both small and large - perceive the impact of the sharing economy on their business, both positive and negative.** Among the key findings, while very large firms are most positive about the impact of the sharing economy, small firms in the Business Services industry are the most confident going forward (with 1 in 5 firms viewing the sharing economy as a positive for their business). And, a significant number of small firms in Health Services are still unsure about what the impact will be for their business.

NAB estimates (based on the turnover of a sample of larger operators in Australia) that the sharing economy is currently growing at around 140% per year.

Overall, around 1 in 10 Australian firms economy wide (measured by NAB’s Business Survey, QBS) believe the sharing economy had an impact on their business over the last 12 months - 6% positively and 4% negatively. Almost 9 in 10 firms indicated that it had “no impact”.

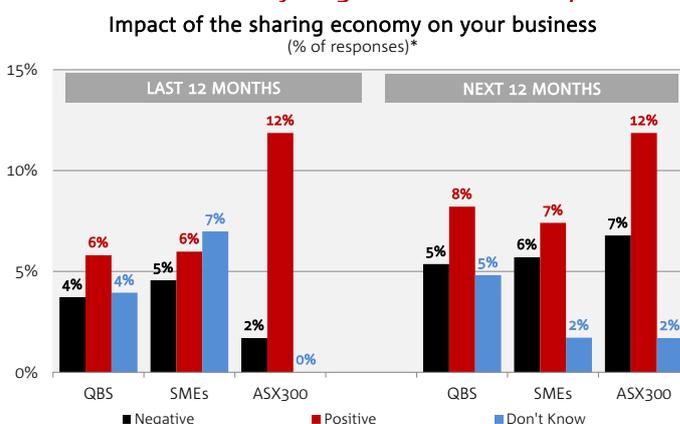
Interestingly, the impact of the sharing economy was biggest for ASX300 firms (14% said it had already impacted their business). Overwhelmingly, very large firms viewed the impact as positive for their business over the last 12 months (12% compared to 6% of SMEs and 6% of firms economy-wide). Only 2% of very large firms identified the impact of the sharing economy as a negative for their business.

This result may reflect a better understanding of the sharing economy by very large firms - as evidenced by the fact that no very large firms answered “don’t know” (compared to 7% of SMEs) when assessing its impact on their business over the last 12 months.

Australian businesses believe the sharing economy will continue to grow, albeit gradually. Economy wide, 13% expect it to impact their business in the next 12 months (5% negatively and 8% positively). Once again, very large firms are the most positive (12%), albeit the share of negative responses for ASX300 firms also rises (7%).

Among SMEs, around 6% of small firms expect the sharing economy to impact their business negatively and 7% positively in the next 12 months.

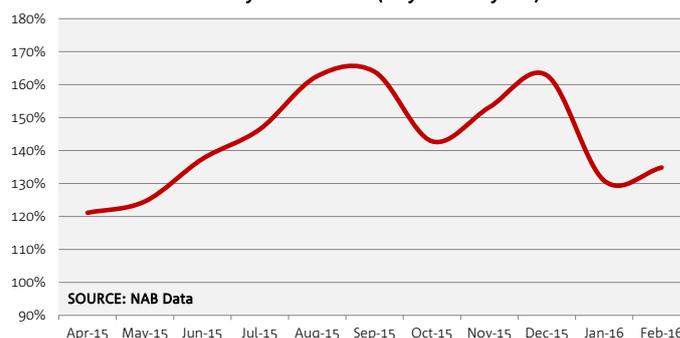
**1 in 10 firms say the “sharing economy” has impacted their business & very large firms are most positive!**



\*balance of responses indicated that it had “no impact”

**The sharing economy is growing rapidly!**

**Growth in turnover of a sample of larger sharing economy businesses (% year-on-year)**

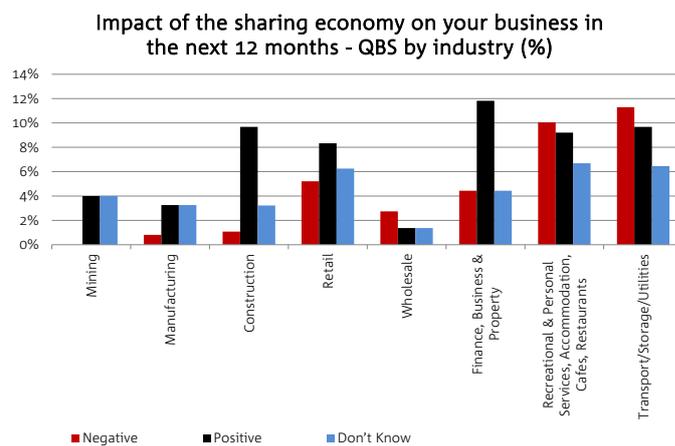
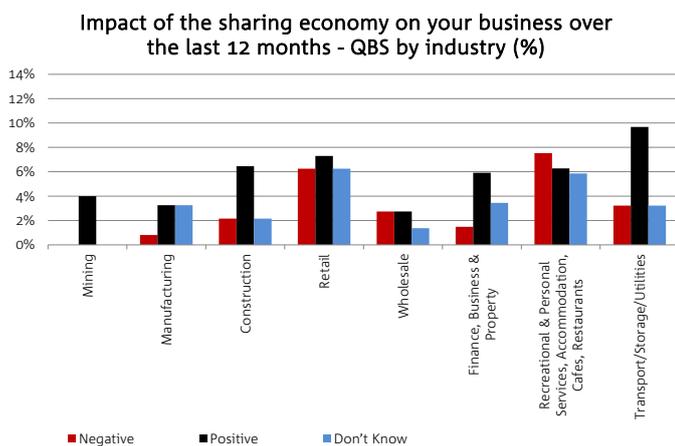


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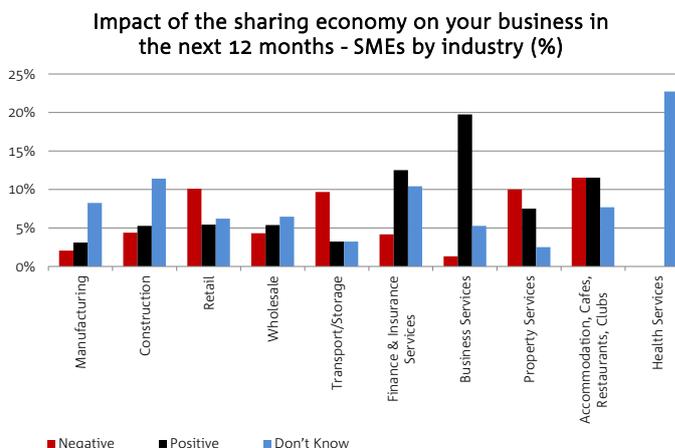
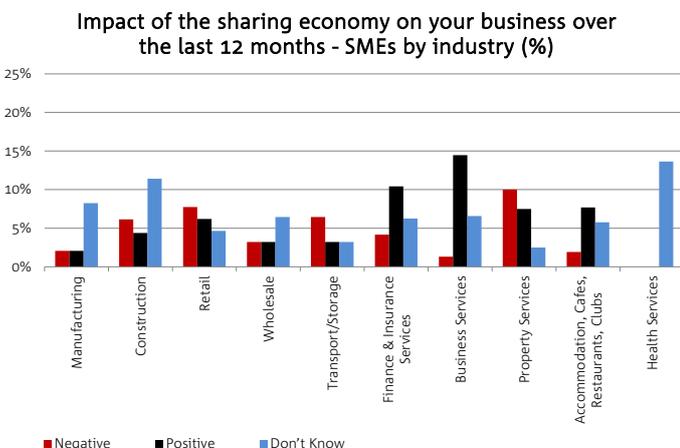


There are notable differences in the perceived impact of the sharing economy by industry. Around 1 in 10 firms in the Transport, Storage & Utilities sectors saw the sharing economy as positive for their business in the past 12 months (within this group 1 in 4 Services to Transport firms saw it as positive, undoubtedly reflecting the growing role of sharing firms such as Uber). By comparison, just 3% in this industry saw it as a negative for their business.

The biggest change in the number of firms viewing the sharing economy as a positive for their business in the next 12 months are in Finance Business & Property (up from 6% in the last 12 months to 12% in the next 12 months to become the most positive sector overall ahead of Transport (unchanged at 10%) and Construction (from 6% to 10%).

In contrast, the disruptive impact of the sharing economy over the past 12 months was most evident in businesses operating in the Recreation, Personal Services & Hospitality industries (8%), followed by Retail (6%).

Looking forward, there is a notable increase in the number of businesses in the Transport, Storage & Utilities sector that views the sharing economy as a negative for their business (from 3% in the last 12 months to 11% in the next 12 months. The number of firms expecting to be negatively impacted over the next 12 months also increases in the Finance sector, (i.e. from 1% to 4% in Finance) and in Recreation, Personal Services & Hospitality (from 8% to 10%).



Among SMEs, more firms operating in Business Services (14%) and Finance & Insurance (10%) said the sharing economy was positive for their business over the past 12 months. By comparison only 1% and 4% respectively of firms in these sectors saw it as a negative for their business.

Small firms in the Business Services and Finance & Insurance industries are also the most positive looking forward, with 20% and 13% of firms respectively viewing the sharing economy as a positive for their businesses in the next 12 months. The Accommodation and Hospitality industry is the next most optimistic sector (with the number of firms in this industry viewing the sharing economy as positive growing from 8% in the last 12 months to 12% in the next 12 months).

In contrast, businesses operating in the Property Services industry (10%) were the most negative in regards to the impact of the sharing economy for their business over the last 12 months, followed by retail (8%). Looking forward, small firms operating in the Accommodation and Hospitality industry (12%) also expect to be most negatively disrupted, followed by those in the Property Services (10%), Transport/Storage (10%) and Retail (10%) industries.

Interestingly, a significant number of small firms operating in the Health Services (14%) and Construction (11%) industry did not know what impact the sharing economy had on their business over the last 12 months. More significantly, almost 1 in 4 small firms in Health Services are unsure about what impact it will have over the next 12 months, with high levels of uncertainty also prevalent among small firms in the Construction (11%) and Finance & Insurance (10%) industries.

This survey was based on the responses of over 1,500 Australian businesses as was conducted during the March quarter 2016. It should also be noted that the sharing economy has been accompanied by the rise of so called 'micro-entrepreneurs', many of which are single person operations, and are not captured as part of the definition of small business in this survey.

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