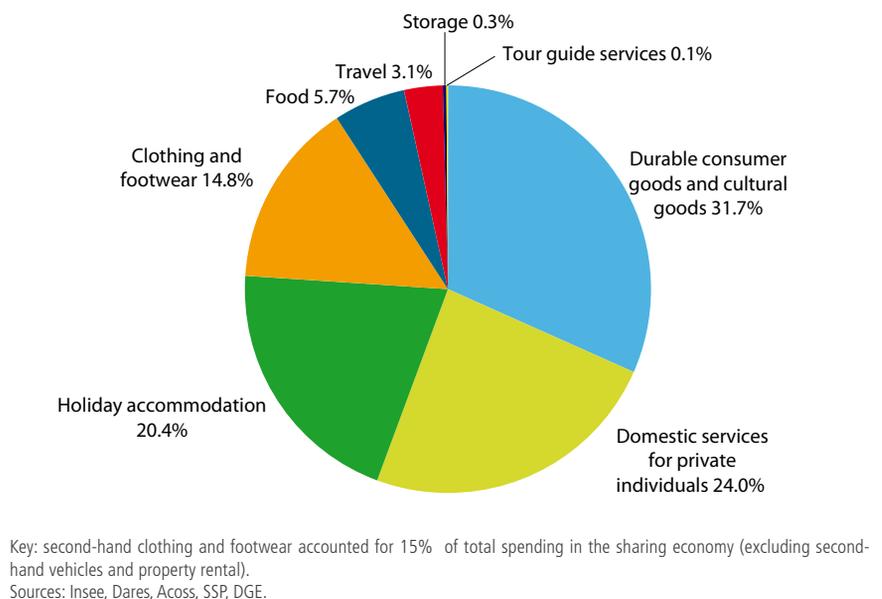


In 2014, the sharing economy accounted for less than 10% of total household spending and income

The term “sharing economy” is used to describe the peer-to-peer swapping and sharing of goods and services, and initiatives to bypass traditional intermediaries between producers and consumers. The phenomenon has taken off in recent years, driven by widespread adoption of information and communication technologies. Travel, holiday accommodation, food, consumer goods and domestic services form the “core” of the sharing economy. These “core” goods and services, often exchanged via dedicated websites, generated €37 billion of household spending and €33 billion of household income in 2014. Private property rental (excluding holiday accommodation) and second-hand vehicle sales may arguably also be equated with the sharing economy, with substantial sums of money changing hands in these markets (€44 billion in rent payments and €22 billion in second-hand vehicle purchases). A survey conducted in late 2014 found that French households spend an estimated 8% of their money and earn approximately 9% of their income through the sharing economy.

In the broadest sense, the sharing economy may be defined as a community of individuals lending, renting, donating, sharing, swapping and buying goods or services, whether free of charge or in return for payment. The recent rise of online peer-to-peer platforms has made it easier for people to connect with each other, to such an extent that the sharing economy has now become a way of life for French households. In an October 2014 survey commissioned by the Directorate General for Enterprise (DGE) in France (see box), nine out of ten respondents said they had been involved in at least one peer-to-peer transaction. The headline figures reveal the sheer scale of this phenomenon. As recently as 2012, carpooling was still a marginal practice. Yet

Figure 1: Household spending in the sharing economy
(excluding second-hand vehicles and property rental)



an October 2014 poll by 60 Millions de Consommateurs and Mediaprim found that 42% of French people said they had carpooled at least once in 2014.

Services account for the majority of “core” sharing economy transactions

Total spending on “core” sharing economy goods and services (i.e. excluding private property rental¹ and second-hand vehicle sales) amounted to €37.3 billion in 2014. Goods accounted for 46% of total purchases (€11.8 billion spent on durable consumer goods and cultural goods, and €5.5 billion on clothing and footwear). Service transactions dominated the sharing economy. The biggest expenditure items, in absolute terms, were domestic services for private individuals (€9.0 billion billed to private

¹ But including holiday accommodation.

individuals for these services before social security exemptions and tax breaks) and private holiday accommodation rental (€7.6 billion) (table 1 and figure 1). Spending on private property rents (excluding holiday accommodation) and second-hand vehicle sales – two markets related to the sharing economy – stood at €44.2 billion and €21.9 billion respectively (table 2).

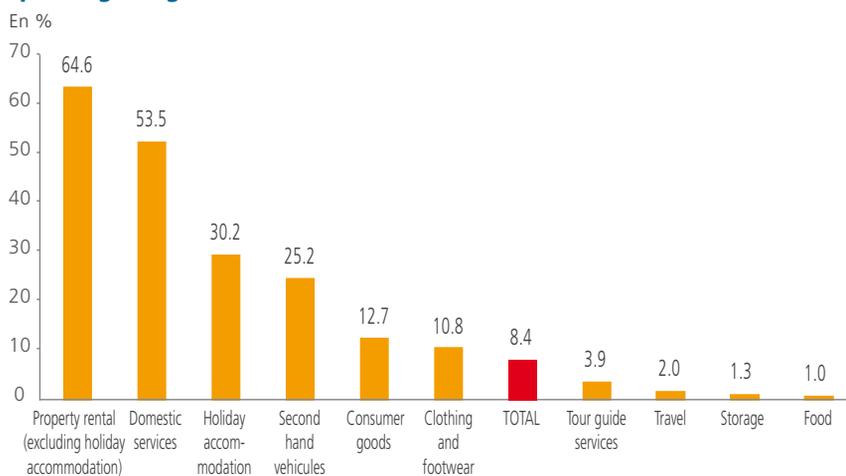
The sharing economy accounts for less than 10% of household spending and income

The “core” of the sharing economy represented 2.4% of total household outlay², while private second-hand vehicle purchases and property rentals accounted for 4.2% (i.e. 6.6% in total). The DGE-commissioned survey revealed a higher figure, at 8.4%, chiefly because the survey respondents understood the term “sharing economy” in its broader sense.

Some 2.3% of total household income came from “core” sharing economy goods and services³, with private second-hand vehicle sales and property rental accounting for 4.5% of revenue. The DGE survey placed total income from these channels at an estimated 9.4%.

Private property rentals (excluding holiday accommodation) represented 64.6% of total rent payments, while domestic services for private individuals made up 53.5% of all domestic services. These two items accounted for more peer-to-peer

Figure 2: Sharing economy expenditure as a percentage of household spending categories in 2014



Key: peer-to-peer sales of “consumer goods” accounted for 12.7% of total household outlay on these goods in 2014. Sources: Insee, Dares, Acoess, CGDD, SSP, DGE.

sales, as a percentage of total household consumption, than any other (figure 2).

² Household consumption is calculated by adding together actual final household consumption figures (based on national accounts) and sharing economy spending (on items not yet included in official consumption figures, i.e. peer-to-peer purchases of goods and services).

³ Household income is calculated by adding together gross disposable household income (GDHI) and total declared sharing economy income (excluding private rentals and net salaries earned on domestic services for private individuals, both of which are already included in the GDHI figure).

Table 1: “Core” sharing economy goods and services in 2014: absolute values and percentage of total household consumption

Goods/services	Expenditure (in millions of euros)	Income (in millions of euros)	Expenditure as a percentage of official household income (%)	Headline consumption categories
Travel	1,143	1,050	2.0	
Regular carpooling	316	316	0.7	Automotive fuel; toll charges
One-off carpooling	420	360	0.9	Automotive fuel; toll charges
Car rental	32	25	2.5	Renting of cars (agencies and peer-to-peer)
Taxi-sharing ¹	112	101	4.1	Taxis
Deliveries ¹	263	248	3.1	Warehousing and support activities for transportation; peer-to-peer deliveries
Holiday accommodation¹	7,600	7,600	30.2	Paid holiday accommodation
Food	2,133	2,129	1.0	
Purchase/sale of meals ¹	948	948	1.6	Restaurants, cafés and purchase/sale of meals
Community meals ¹	970	970	0.6	Food and beverages (excluding tobacco)
CSAs and similar	65	61	0.0	Food and beverages (excluding tobacco)
Individually grown fruit and vegetables (private gardens)	150	150	0.1	Food and beverages (excluding tobacco)
Clothing and footwear (second-hand)¹	5,500	5,500	10.8	Retail and peer-to-peer purchases of textiles and clothing
Storage¹	105	105	1.3	Warehousing and support activities for transportation; peer-to-peer storage
Consumer goods¹ (durable consumer goods and cultural goods)	11,800	11,800	12.7	Retail and peer-to-peer purchases of durable consumer goods and cultural goods
Tour guide services¹	45	41	3.8	Other reservation services and related activities; peer-to-peer tour guide services
Domestic services (for private individuals)²	8,950	4,884	53.5	Domestic services
“Core” sharing economy goods and services	37,276	33,109	2.4	Actual final national consumption + declared sharing economy spending (on items not yet included)³

Key: expenditure on peer-to-peer one-off carpooling services stood at €420 million, i.e. 0.9% of total household spending on automotive fuel and toll charges.

¹ Calculated according to the DGE survey, based on the assumption that all transactions involved money changing hands (an overestimate, since some transactions were free of charge).

² Expenditure on domestic services for private individuals is calculated before social security exemptions and tax breaks. Income is calculated as the net income received by offerers of these services.

³ This figure is calculated by adding together official national consumption and spending on sharing economy goods and services (as defined in this study) not already included in official figures.

Sources: Insee, Dares, Acoess, CGDD, SSP, DGE.

Carpooling is the single biggest peer-to-peer expenditure item in the “travel” category

Where a group of individuals shares a vehicle on a regular basis (chiefly for home-work or home-school commutes), this is known as “regular carpooling”. “One-off carpooling”, meanwhile, involves a group organising shared transport for a single trip. Under both models, the participants share the costs of the trip (mainly automotive fuel and toll charges). If the carpool is organised through a website, the group members will also pay the site commission. In 2014, households spent approximately €700 million on carpooling – around 1.6% of total annual automotive fuel and toll charge costs, and roughly two-thirds of all outlay on peer-to-peer travel services. Despite an apparent boom in other sharing economy travel services (such as taxi-sharing and peer-to-peer car rental and deliveries), total household spending on these services amounted to just €400 million in 2014.

The private storage and parking space rental market, meanwhile, remained modest in 2014 at only €105 million.

Private holiday rentals account for 30% of total spending on holiday accommodation

According to DGE’s Tourism Satellite Account (TSA), French residents spent €5.9 billion, and foreigners €1.7 billion, on private holiday rentals, bringing total outlay in 2014 to €7.6 billion. This figure represented 30% of total expenditure on holiday accommodation (hotels, campsites, holiday homes and private rentals combined), compared with 28% in 2010. The percentage among French residents remained unchanged, while it rose from 25% to 28% for foreigners.

The figures also reveal that households spent around €45 million on private tour guides (e.g. local neighbourhood tours).

Households spend more than €2 billion a year on peer-to-peer food transactions

In the sharing economy, peer-to-peer food transactions come in a variety of different forms. For example, people may attend community meals (i.e. meals with people who are not family members or friends, for example during Neighbours’ Day), join forces to buy fresh produce from a producer, or purchase fruit and vegetables grown in another individual’s garden (again, someone who is not a friend or family member and is not a professional grower). These practices have a common theme – individuals club together to buy agricultural produce (i.e. excluding professional producers selling directly to consumers). This category also includes community-supported agriculture (CSA) organisations – groups of consumers who sign contracts with producers to buy their products on a regular basis.

In 2014, spending on collaborative food and beverage transactions (excluding tobacco) stood at €1.2 billion – 0.8% of total outlay on these products. Peer-to-peer meal sales (excluding family members and friends) totalled around €1 billion, representing a 1.6% share of the restaurant and licensed beverage market.

Peer-to-peer transactions make up more than 10% of total spending on durable consumer goods, cultural goods, clothing and footwear

In 2014, households spent approximately €12 billion on peer-to-peer sales of durable consumer goods and cultural goods (chiefly furniture, luxury goods, household appliances, computing equipment, consumer electronics, and publishing products, toys and games). This figure amounted to 13% of total sales of these products (new and second-hand items combined). At €6 billion, peer-to-peer clothing and footwear sales accounted for 11% of total outlay in this category.

Domestic services for private individuals represent 54% of household domestic service expenditure

Peer-to-peer domestic services – i.e. transactions in which both the user and offerer are private individuals – include baby-sitting, pet-sitting, housekeeping, elderly and disabled care, private tuition, gardening and DIY services. Services that fall within this category are known as “domestic services for private individuals”. In 2014, offerers of these services earned net pre-tax income of €4.9 billion. In the same year, €9 billion (gross) was billed to private individuals for these services (before social security exemptions and tax breaks), leaving a remaining balance of €4.5 billion. Total household outlay on domestic services (including those provided by private companies, public bodies and non-profit organisations) stood at €16.7 billion in 2014. Private transactions accounted for 54% of this total, compared with 59% in 2010⁴.

Private property rentals account for 65% of the non-holiday rental market

National Housing Account figures show that, in 2014, private property rentals (direct or estate agent-brokered transactions) generated €44.1 billion in spending and €42.4 billion in net pre-tax income, with rental management fees making up the difference between these figures. Private rentals represented 65% of the entire domestic property rental market (including rentals by legal entities).

Second-hand car sales make up one quarter of all car sales in France

There were 3.4 million private second-hand car sales in 2014, amounting to an estimated €22 billion in outlay. In the same year, total new and second-hand car sales – including private sales, new car sales, and second-hand car sales by dealers and other professionals – were worth approximately €87 billion. Private second-hand car sales therefore held a 25% market share.

⁴ The figures are calculated by multiplying the number of hours worked by the hourly rate in 2012. Based on this “volume” calculation, this figure stood at 72% in 2005.

Table 2: Private property rentals and second-hand vehicle sales in 2014: absolute values and percentage of household consumption

Goods/services	Expenditure (in millions of euros)	Income (in millions of euros)	Expenditure as a percentage of official household income (%)	Headline consumption categories
Property rentals (excluding holiday accommodation)	44,083	42,447	64.6	Letting of dwellings
Private second-hand vehicle sales	21,900	21,900	25.2	New and second-hand vehicles
Total	65,983	64,347	4.2	Actual final national consumption + declared sharing economy spending (on items not yet included)¹

Key: expenditure on private second-hand vehicle sales stood at €21.9 billion, i.e. 25.2% of total household spending on new and second-hand vehicles.

¹ This figure is calculated by adding together official national consumption and spending on sharing economy goods and services (as defined in this study) not already included in official figures.

Sources: Insee, Dares, Acoff, CGDD, SSP, DGE.

Box: Definitions, concepts and methodology

The sharing economy may be defined as a community of individuals lending, renting, donating, sharing, swapping and buying (and selling) goods or services. This study covers peer-to-peer transactions involving the following types of goods and services: transport services, storage services, delivery services, entertainment activities, food and catering, consumer goods, clothing, domestic services, and private holiday accommodation rentals. These goods and services may be defined as the “core” of the sharing economy. Private second-hand vehicle sales and property rental (excluding holiday accommodation) may arguably also be equated with the sharing economy, and are included in this study.

The study used a number of sources and related methods to analyse the sharing economy.

The DGE commissioned market research firm TNS Sofres to carry out a sharing economy survey. In October 2014, the firm asked 2,006 adults – a representative sample of the French population – a series of questions about their sharing economy habits (types of transaction, frequency, spending, offers, etc.). The survey included questions that sought to quantify the number of individual transactions (sales, purchases and, in some cases, transactions where no money changed hands). The findings were then used to estimate total national expenditure on certain categories of sharing economy goods (clothing, footwear, durable consumer goods and cultural goods) and services (purchases/sales of meals, community meals, taxi-sharing, deliveries, peer-to-peer storage and other services such as tour guides), based on assumptions about the average value per transaction.

Alternative sources were used to estimate the total value of purchases and sales for other goods and services. A series of studies conducted by the French Environment and Energy Management Agency (ADEME) provided the basis for carpooling estimates (see “Further reading” below), while data on holiday accommodation rentals were taken from the DGE’s 2014 Tourism Satellite Account. The figures on peer-to-

peer food transactions and pooled purchases from producers came from the 2010 agricultural census. Two separate sources were used to estimate total outlay on domestic services for private individuals – figures on private employers were taken from a series of studies by the French Central Social Security Agency (ACOSS), while general statistics for the domestic services market came from the Directorate for Research, Studies and Statistics (DARES). Data about private rentals (excluding holiday accommodation) were sourced from the 2014 National Housing Account, produced by the Department of the Commissioner-General for Sustainable Development (CGDD), while private second-hand vehicle sales were estimated using local vehicle registration statistics and observed average transaction prices.

This study looked at sharing economy transactions occurring in France. It therefore included non-residents located in France and excluded French residents situated outside the country. Some uncertainties remain over the values estimated from the DGE survey. The questionnaire did not specifically ask about sharing economy expenditure in France, and the poll did not cover spending by foreign nationals located in the country (chiefly holiday accommodation). In all likelihood, however, the difference between French resident expenditure abroad and foreign national expenditure in France was not significant enough to alter the headline values.

Another drawback of the DGE survey was the manner in which the “sharing economy” was defined. Rather than referring exclusively to the list of goods and services included in this study (see above), the respondents were simply asked to declare their total spending on, and income from, all sharing economy transactions (with no clear definition of what this meant). This is why the headline figures revealed by the study (8.4% of expenditure and 9.4% of income) differ from the percentages obtained by totalling the estimated values for each category.

Intermediary commission constitutes a small percentage of total sales

Websites that match supply with demand generally receive a commission of around 10% of the total transaction value (chiefly in the carpooling and holiday rental markets). Some more traditional intermediaries, such as tourist offices (holiday rentals) and estate agents (non-holiday rentals), may take lower fees. It is difficult to calculate the commission received by other types of intermediary. In some cases, peer-to-peer transactions

are organised without intermediaries and no commission is payable. In other cases (such as regular carpooling), commission is only paid on the initial match, with individuals subsequently bypassing the intermediary altogether. Estimates place total commission paid on “core” sharing economy transactions at between €400 million and €700 million.

Jean-Christophe Lomonaco, DGE

Further reading:

- Enjeux et perspectives de la consommation collaborative, DGE, June 2015.
- Étude nationale sur le covoiturage de courte distance, ADEME, September 2015.
- Enquête auprès des utilisateurs du covoiturage longue distance, ADEME, September 2015.
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- Lomonaco, J.-Ch., Tourism consumption in France up by 1.9% in 2014, Le 4 Pages de la DGE no.49, November 2015.
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- Les services à la personne en 2014, Dares Résultats no.009, February 2016.

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