

Modes of Exchange



Aalto-yliopisto
Aalto-universitetet
Aalto University

Agenda

1. **Comparing three traditional modes of exchange: commodity exchange, gift-giving and sharing**
2. **New trends to ownership & alternative forms of consumption**

The process of consumption

Acquisition



Usage



Disposal



A?

Aalto-yliopisto
Aalto-universitetet
Aalto University

**How do you get
“stuff”?**

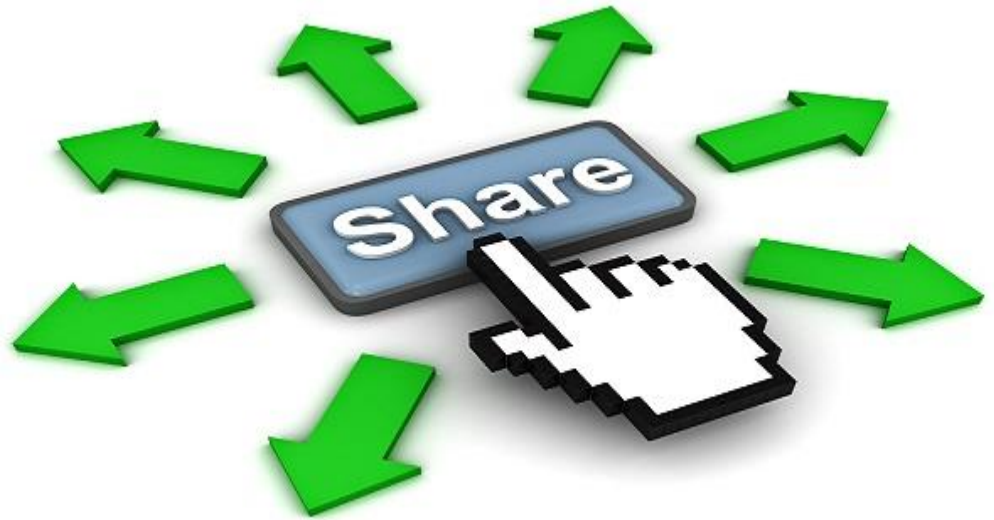
Three (traditional) modes of exchange

1. Commodity exchange
2. Gift-giving
3. Sharing

Sharing

A''

Aalto-yliopisto
Aalto-universitetet
Aalto University



Sharing

[Sharing is] the most universal form of human economic behavior, distinct from and more fundamental than reciprocity. . . Sharing has probably been the most basic form of economic distribution in hominid societies for several hundred thousand years.
(Price 1975)

RUSSELL BELK*

Defining sharing (Belk 2007): “The act and process of distributing what is ours to others for their use and/or the act and process of receiving or taking something from others for our use.”

Sharing is a communal act that links us to other people.

Why do we share?

- Embracing feelings of solidarity and bonding
- Functional reasons like survival
- Altruism, convenience, courtesy, kindness to others

Belk distinguishes two types of sharing

“Sharing in”

- Sharing that takes place within family, close kin and friends
- Sharing in is an exclusive act
→ the recipient becomes a part of a pseudo-family and our aggregate extended selves



The degrees of intimacy involved in sharing can vary considerably

“Sharing out”

- Sharing that takes place between relative strangers
- Intended as a one-time act (e.g. providing someone with spare change, directions)

Example of sharing-in: Family households

“Within the family, shared things are **joint possessions**. Their use requires no invitation, generates no debt, and may entail responsibilities as well as rights. The responsibilities may include taking care not to damage shared possessions, not overusing these things to the detriment of other family members, and cleaning up so that others will find these resources in a similar state of readiness for their own use. **Such responsibilities underscore a difference between shared possession and sole ownership.**”

Where a household member is regarded as **the sole owner of something, there is more freedom to treat these items as he or she pleases**. In order to use the personal possessions of family members, it is considered proper to ask permission to borrow. This would normally be the case, for instance, when a child wishes to wear a sibling’s clothing.”

(Belk 2010)



Commodity Exchange



Aalto-yliopisto
Aalto-universitetet
Aalto University

Characteristics of commodity exchange:

- Exchange partners (usually buyer and seller) complete transactions according to pre-set terms (like the price of the commodity, terms of ownership).
- The exchange represents an **unconditional reciprocal** transaction
 - when the exchange partners complete their transaction they need never again encounter each other
 - ideally the exchange is simultaneous so that there is no lingering debt to tie the parties to one another.
- The liberal economic ideal is that markets bring together transactors who are only temporarily connected through an impersonal exchange
 - Commodity exchange is about the reproduction of rights to objects, not the reproduction of relationships between people.

Calculability

“**Weights, measures, and specifications together with fixed or explicitly bargained or auctioned prices** help make clear exactly what we give and what we get in such exchanges. **Contracts and contract law** stipulate the conditions of sale and what is required of whom. **Trade laws** encourage honest treatment and give us means to settle disputed outcomes. Such specificity and legal requirements are generally absent in the contexts of sharing and gift giving.”



Gift giving



Aalto-yliopisto
Aalto-universitetet
Aalto University

Gift giving – the perfect gift

“The perfect gift is **immaterial** (the thought counts more than the material manifestation), **priceless** (removed from the monetary considerations of commodity exchange), and imposes **no obligation of a return** gift.”



The perfect gift

1. The giver makes an extraordinary sacrifice
2. The giver wishes solely to please the recipient
3. The gift is a luxury
4. The gift is something uniquely appropriate to the recipient
5. The recipient is surprised by the gift
6. The recipient desires the gift and is delighted by it.

**But are there such things as
perfect gifts?**

Early theorists of gifts: Marcell Mauss

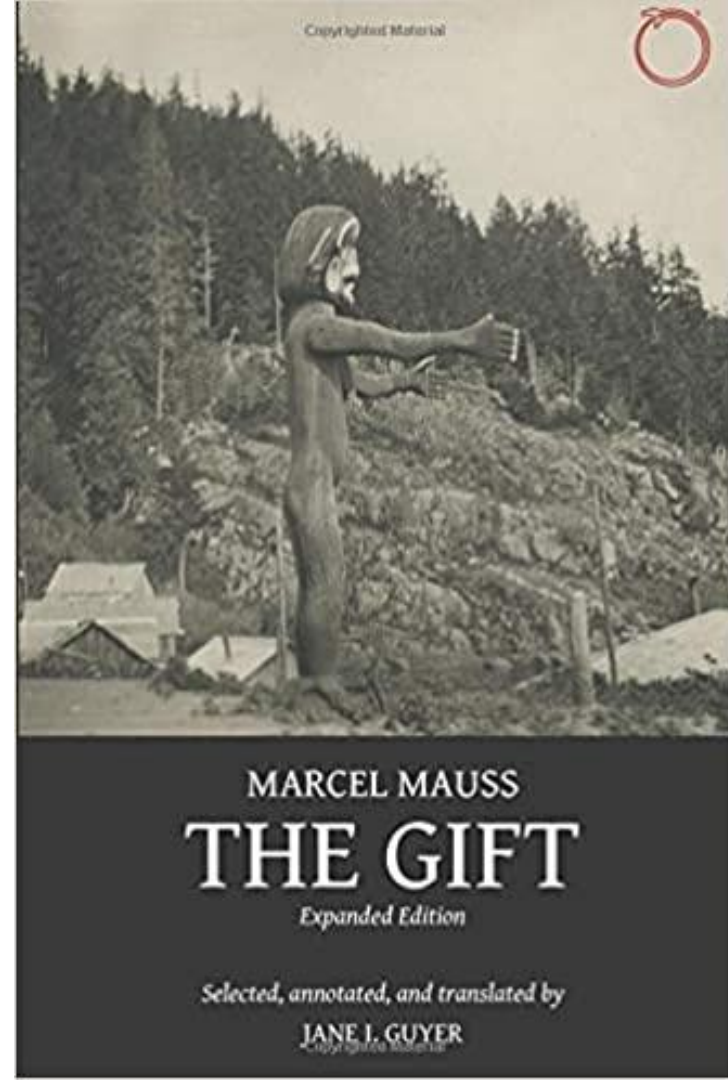
“Gifts are never truly free, rather, human history is full of examples of gifts bringing about **reciprocal exchange**” = expectations to return a received gift.

Mauss’s study set out to answer the question: What power resides in the object given that causes its recipient to pay it back?



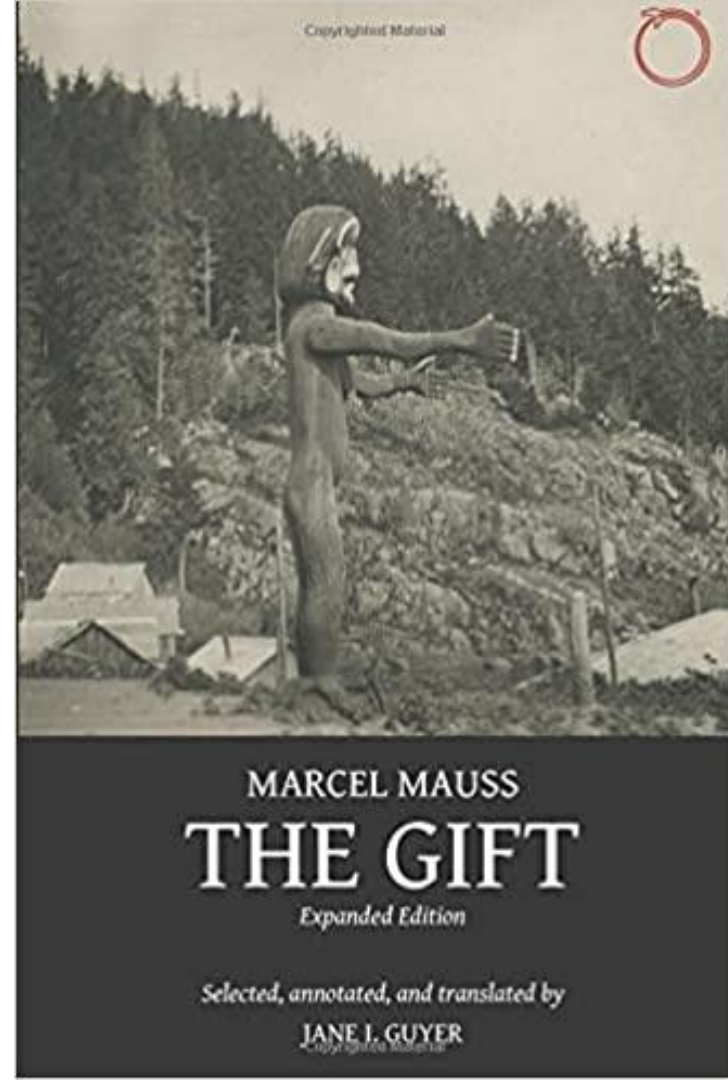
The Gift

- The first systematic study of exchanging gifts
- Focused on primitive societies from ancient Rome to present-day Melanesia
- In Mauss's view, gift giving is driven by three obligations:
 1. to give
 2. to receive
 3. to return a reciprocal gift



The Gift

- Gift giving was an essential process that formed and reinforced alliances among tribes and prevented warfare.
- In theory gifts were voluntary, disinterested and spontaneous, but in fact obligatory and interested.
- The Gift = a theory of exchange between groups, with the aim of securing common benefits among parties that otherwise could have been at war with each other or had no relations



The problem with the Perfect Gift nowadays?

- Even though the prototypical gift imposes no obligations of a return gift, it is common in practice to restrict our gift giving to those who also give us gifts.
- On mutual gift-giving occasions like Christmas, birthdays, and wedding anniversaries, we normally expect reciprocity.
- Grey areas, e.g. giving money. A gift? A bribe? Charity?

Commodity exchange

Example: Buying bread at the store for money

Usually monetary

Transfer of ownership

Reciprocity, no lingering obligations

Impersonal, alienating even

Quantifiable relations between objects, calculation

Gift-giving

Example: Giving a house warming gift / Christmas present exchange

Transfer of ownership

Establishes and reaffirms social ties between people

“Thought that counts”

Singularizes objects

Qualitative relationships to objects (people relations)

Wrapping, ceremony, events, rituals etc.

Solidify status differences and roles

Sharing

Example: Pooling household resources

No transfer of ownership

Social links to others, but no reciprocity

Singularized objects

Love, caring

Personal and dependent relationships, social reproduction

Sharing context, nonceremonial

New trends to ownership & alternative forms of consumption

The rise of the sharing economy and access-based consumption



Aalto-yliopisto
Aalto-universitetet
Aalto University

Have you used
alternative forms of
consumption besides
buying and owning?

In what situations and
contexts? Why?



BookBeat



ZADAA
Find clothes that fit.



Collaborative consumption

- Coordinating “the acquisition and distribution of a resource for a fee or other compensation” (Belk 2014)
- Include non-monetary based consumption modes like bartering, trading, and swapping
- Central: the broadened role of the consumer as both the provider and user of the mutually constituted resources.
- Examples: Airbnb, Blablacar



Access-based consumption

- Offers an even more broader definition than “collaborative consumption” → covers all access-based forms of consumption
- **Market-mediated, internet-based access-based platforms** (Rent the Runway, Zipcar etc.) vs. **traditional public access to goods** (libraries, public transportation etc.)



Access-Based Consumption: The Case of Car Sharing

FLEURA BARDHI
GIANA M. ECKHARDT

“Transactions that may be market mediated in which **no transfer of ownership** takes place. The consumer is acquiring **consumption time with the item**, and, in market-mediated cases of access, is willing to pay **a price premium for use** of that object.”

Access-based consumption, defined as transactions that can be market mediated but where no transfer of ownership takes place, is becoming increasingly popular, yet it is not well theorized. This study examines the nature of access as it contrasts to ownership and sharing, specifically the consumer-object, consumer-consumer, and consumer-marketer relationships. Six dimensions are identified to distinguish among the range of access-based consumptionscapes: temporality, anonymity, market mediation, consumer involvement, the type of accessed object, and political consumerism. Access-based consumption is examined in the context of car sharing via an interpretive study of Zipcar consumers. Four outcomes of these dimensions in the context of car sharing are identified: lack of identification, varying significance of use and sign value, negative reciprocity resulting in a big-brother model of governance, and a deterrence of brand community. The implications of our findings for understanding the nature of exchange, consumption, and brand community are discussed.

Ownership

vs.

Access

- Expresses the special relationship between a person and an object called “owning,” and the object is called “personal property” or a “possession”
 - Full property rights over the owned object
 - **Strong, longterm person-object relationships**: Identification with owned possessions, which can become part of their extended self
- Temporal and circumstantial consumption
 - Similar to sharing, as no ownership of the object
 - However, no joint ownership and not necessarily altruistic and prosocial
 - → economic exchange and reciprocity
 - **Weak person-object relationships**: focus on temporal use of objects, practical attributes

6 dimensions of access-based consumption

(Barhdi and Ekhardt 2012)

- Temporality: duration of access and usage
- Anonymity: level of peer-to-peer interaction
- Market Mediation: profit to non-profit forms of access
- Consumer Involvement: “consumer as customer vs. employee”
- Type of Accessed Object: experiential, symbolic vs. functional value, material vs. digital
- Political Consumerism: ideologically motivated quests behind accessing

The dimensions determine the nature and characteristics of a given access-based platform. The nature of access is expected to differ depending on where the platform situates among these dimensions.

Drivers and motivations of access-based consumption

- Environmental & sustainable issues
- Overcoming the burdens of ownership (acquiring costs, maintenance, disposal)
- Convenience
- Economic benefits (e.g. using objects one could not afford to buy)
- Satisfying temporal, situational and context-dependent needs and wants (e.g. using a car for a daytrip)

Barriers and burdens of access-based consumption

- Rivalry and product scarcity
- Complexity: difficulty of understanding, accessing, and using the access-based service
- Reliability barrier: the uncertainty related to the performance of shared objects, the platform and other customers.
- Fear of contamination: negative perceptions of other people's contact with the shared objects
- Responsibility barrier: being held financially or socially responsible for product failures arising from own or other's mistakes.

Case fashion

“Research shows that the average person today buys 60 percent more items of clothing than they did 15 years ago. But consumers keep that clothing for only half as long as they used to.”

**Could access be
the solution?**



04. END OF OWNERSHIP

The lifespan of fashion products is being stretched as pre-owned, refurbished, repaired and rental business models continue to evolve. Across many categories consumers have demonstrated an appetite to shift away from traditional ownership to newer ways in which to access product.

“In fashion, the shift to new ownership models is driven by growing consumer **desire for variety, sustainability and affordability** and sources suggest that the resale market, for instance, could be bigger than fast fashion within ten years. This trend is partly driven **by the young generation’s hunger for newness, while embracing sustainability.**”

Executive Interview

Jennifer Hyman

Co-Founder and Chief Executive
of Rent the Runway



View All (17384)

< 1 / 290 >

One-Time Rental

To 10014

Select Sizes

Select Dates

Sort by Recommended ▾



“I think that there are going to be a few very large, very dominant players in this market. It could be a winner-takes-all market or it could be just two or three businesses emerge as the global winners [but] it’s not an easy business to copy.”

BoF: How much do you think your consumers care about value and to what extent does it play into their mindset?

JH: We need to switch the word from being value to being smart. The average consumer cares about making smart choices, [about] not being ripped off. She is thinking about how often she’s going to use something for. I don’t think that fast-fashion is a larger piece of the fashion market. It’s just that they’ve understood earlier that no one is going to spend a few hundred dollars or a few thousand dollars on an item that they’re only going to wear once or twice.

Theorizing ownership- and access-based consumption: LIQUID AND SOLID CONSUMPTION



Aalto-yliopisto
Aalto-universitetet
Aalto University

Liquid Consumption

FLEURA BARDHI
GIANA M. ECKHARDT

“**Liquid consumption** is defined as ephemeral, access based, and dematerialized, while **solid consumption** is defined as enduring, ownership based, and material.”

This article introduces a new dimension of consumption as liquid or solid. Liquid consumption is defined as ephemeral, access based, and dematerialized, while solid consumption is defined as enduring, ownership based, and material. Liquid and solid consumption are conceptualized as existing on a spectrum, with four conditions leading to consumption being liquid, solid, or a combination of the two: relevance to the self, the nature of social relationships, accessibility to mobility networks, and type of precarity experienced. Liquid consumption is needed to explain behavior within digital contexts, in access-based consumption, and in conditions of global mobility. It highlights a consumption orientation around values of flexibility, adaptability, fluidity, lightness, detachment, and speed. Implications of liquid consumption are discussed for the domains of attachment and appropriation; the importance of use value; materialism; brand relationships and communities; identity; prosumption and the prosumer; and big data, quantification of the self, and surveillance. Lastly, managing the challenges of liquid consumption and its effect on consumer welfare are explored.

Keywords: liquid consumption, digital, access-based consumption, dematerialization, ephemerality, Bauman

Liquid consumption is:

- **Ephemeral**
 - Value in particular contexts
 - Expiration date of this value is increasingly shortening
 - Case iPhones
- **Access-based**
 - Renting, sharing, or borrowing instead of owning and buying
- **Dematerialized**
 - Using fewer or no materials to deliver the same level of functionality
 - Digital consumption

TABLE 1


COMPARING SOLID AND LIQUID CONSUMPTION

	Solid	Liquid
Definition	Extent to which consumption is enduring, ownership based, and material.	Extent to which consumption is ephemeral, access based, and dematerialized.
<i>At the product level</i>		
Consumer value	Value resides in size, weight, fixity, security, attachment, and commitment.	Value resides in being flexible, adaptable, fluid, mobile, light, detached, and fast.
Nature of attachment	Long-standing possession attachment/loyalty; stronger attachment to identity-related objects.	Fluid possession attachment/lack of loyalty; attachment to fewer objects; however, may be higher to particular products if they provide access.
Benefits	Identity and linking assume greater importance.	Use value assumes greater importance.
Level of possession	Emphasis on ownership and possession of material objects; more possessions are better.	Emphasis on access and intangible objects; fewer possessions are better.
Meaning	Consumption meaning is stable across contexts.	Consumption meaning varies by context.
<i>At the consumption practices level</i>		
Consumer value	Centrality of ownership and possession	Centrality of access, sharing, and borrowing.
Stability	Practices are stable across contexts.	Practices vary by context.
Temporality	Enduring types of consumer involvement (e.g., loyalty, fanaticism, commitment) and relationships.	Ephemeral consumer involvement and relationships.
Benefits	Consumers value consumption for the identity and linking value it provides.	Consumers avoid emotional engagement and identification with the marketplace; however, this is not a form of consumer resistance or market alienation.
Nature of attachment	Emphasis on object attachment aspects of consumption (e.g., extending the self).	Emphasis on consumption practices, experiences, and networks.
Downsides	Burdensome.	Instability/uncertainty.

Liquid and solid consumption exist on a spectrum

TABLE 2

RELATIONSHIP BETWEEN LIQUID AND SOLID CONSUMPTION

	Liquid Consumption	Solid Consumption
		
Consumer identity	<ul style="list-style-type: none">• Low relevance to the self (Bardhi and Eckhardt 2012)	<ul style="list-style-type: none">• High relevance to the self (Belk 1988)
Nature of social relationships	Commoditized and monetized relationships <ul style="list-style-type: none">• Brand publics (Arvidsson and Caliandro 2016)• Social media (Zwick and Bradshaw 2016)	Noncommoditized social relationships <ul style="list-style-type: none">• Brand community (Muniz and O'Guinn 2001)
Accessibility to mobility networks	High accessibility <ul style="list-style-type: none">• Global nomads (Bardhi et al. 2012)• Global cities (Sassen 2005)	Low accessibility <ul style="list-style-type: none">• Isolated towns and rural areas
Nature of precarity	Professional precarity <ul style="list-style-type: none">• Cultural creatives (McWilliams 2015)• Gig economy prosumers (Ritzer and Rey 2016)	Economic precarity <ul style="list-style-type: none">• Downward mobility (Saatcioglu and Ozanne 2013)• Greek economic crisis (Chatzidakis 2017)

Thank you!



Aalto-yliopisto
Aalto-universitetet
Aalto University