Citizens unite online to beat big business

More people are using the internet to find what they want and bypass big business. Jessica Zhou/Flickr, CC BY-NC-ND

There’s nothing corporations like more than a good monopoly. Plug in the consumer and turn on the profits! In Australia there’s seemingly no end to the spiralling cost of living as our utilities, banks and other service providers find new ways to hit us with fees that deliver them record profits.

Although in principle we have competition, in practice it is often difficult to understand the true cost of changing banks, electricity suppliers or internet service providers (ISPs) so we end up getting gouged.

But recently citizens have been fighting back, and it might signal a new dawn for consumers. The answer is not in shopping around between this duopoly or that, but in using the internet to advertise, supply and connect with other citizens that cut out the middlemen and eliminate the establishment.

Room on the web

One example of this is AirBnB, a magnificent service that enables people to rent out rooms in their houses/apartments to tourists and people travelling on business at a fraction of the cost of local hotels.

Before the internet, such a service was impossible, as the cost of advertising was too extreme and, perhaps more importantly, testimonials couldn’t be used to give potential consumers any reliable insights into what the service was really like.

Needless to say, hoteliers are up in arms against AirBnB and so are our local governments who find it difficult or impossible to charge taxes on such services. Exchanging cash between clients and the owners is difficult for governments to trace, so it is perhaps not surprising that products like AirBnB are unpopular with governments.
On our recent sabbatical we both found our US house, and rented our own on sabbaticalhomes.com, a website that coordinates house-swapping among academics. Similar services exist to rent out your place while on holidays to earn some extra cash. Rather than buy a car we used Zipcars, rent-by-the-hour vehicles distributed around our neighbourhood.

In a similar model to AirBnB, Uber is a service that replaces taxis. In many cities in the world, taxis are smelly, driven badly and restricted in numbers to those lucky few who can obtain a licence.

Uber and companies such as Lyft facilitate ride sharing that competes directly with taxis, have vastly superior smartphone apps to eliminate the need for expensive infrastructure, and are often much more pleasant (and cheaper) than cabs.

**What's next?**

But apart from taxis and hotels, what else can the internet provide to reduce the stranglehold of monopolistic companies?

Well there is the internet itself! In my home my ISP offers ridiculously non-linear pricing for downloads. For A$59.95 I get 100 GB, whereas A$69.95 delivers 250 GB.

Since I never use up my quota and have plenty of bandwidth, I've let my neighbours use my excess as the modem is only a few metres from their place. It actually makes a lot of sense to share the bandwidth rather than each have a A$59.95 subscription.

Indeed, with a few judiciously places CAT-5 cables and routers I could in principle farm out my service to four or five neighbours and we’d all be much better off, especially the pensioners who rarely use more than a few GB per month.

While travelling, I’m usually within range of many Wi-Fi modems, all being jealously protected by their owners with passwords. How about if someone developed an app to allow limited but secure bandwidth to anyone who made their own home service available to others? This would not only eliminate outrageous 3G download costs but greatly increase the overall bandwidth of mobile internet for everyone.

How about cars? I have two of them, and rarely use one. Maybe I should rent it out to the rest of the street much like the way Zipcar operates in the States?

Electricity. In its infinite wisdom our governments have reduced the buyback rate of solar to 8c/kWh whereas many of us are paying in excess of 30c/kWh from our electricity providers. So my solar supplies energy to the wires on the street, five metres away my neighbour sucks it back in and the electricity companies cream over 20c/kWh for provision of the unsightly poles and wires.

**Neighbourhood networks**

Perhaps I should throw an extension cord over the fence to my neighbours and market my excess solar power to them and split the difference? After all its kind of fun having a power station on your roof and entering the energy provision sector!

By teaming up with my neighbours, perhaps we could develop our own neighbourhood grid? If batteries keep getting cheaper and backup generators could be added perhaps the whole neighbourhood can rid itself of the big electricity providers?

And then there’s the banks and our superannuation funds, many of us have home loans, pay establishment fees, and pay 2% to 3% more from the bank that cash in our superannuation funds earns in interest. Why don’t our super schemes loan us 100% of our own superannuation balances so we can eliminate the banks? _If someone is going to make a profit out of the young me I’d like it to be the retired me!_

While we’re on the subject of bank bashing, how about an app that enables purchases of amounts less than $10
in Australia without an exorbitant fee?

All that’s required for many of these paradigm-shifting citizen-based cost savers are organisations to facilitate the internet app development, access to a secure cloud for information storage and transactions, and some legal work. The people can do the rest.