

## 2 Case Study: Seoul

Seoul, South Korea, is one of the first global cities to officially endorse the sharing economy. The city is home to more than 10 million people living within 234 square miles.<sup>1</sup> With a population density almost five times that of New York City, public issues such as traffic congestion, parking, and housing shortages are magnified.<sup>2</sup> Housing scarcity drives up costs, with the increasingly high deposits demanded in South Korea's *jeonse* rental system dramatically raising household debt.<sup>3</sup> Seoul also has a highly developed technology infrastructure, as capital of a country with the world's highest broadband penetration—97.5 percent of South Koreans have broadband connections, and 60 percent own a smart phone.<sup>4</sup> With this foundation, Seoul is positioning itself as both a leading smart city and a model city for tech-enabled sharing. Yet its approaches to sharing are culturally very different to those of San Francisco, and much less commercially motivated. Sharing in Seoul has a strong sociocultural basis. Some say South Korea has “a ‘sharing’ culture. It is a special concept ... which Koreans call ‘jeong’ and it is a special kind of love between the people and society. If you don’t share you will be seen as a little greedy and have little or no ‘jeong.’”<sup>5</sup>

Koreans believe that *jeong* motivates “random acts of kindness between people who barely know each other or total strangers.”<sup>6</sup> In this it echoes our concept of karmic altruism:

*Jeong* is especially used to describe the action of giving [a] small, gratuitous gift—such action is full of *jeong*. A particularly close neighborhood is described as full of *jeong*, in which the neighbors act in a way that displays *jeong*—i.e., helping out and being nice to each other.<sup>7</sup>

Seoul is actively working to cultivate its sharing culture and build the public's trust in sharing enterprises and activities. Seoul's mayor, Park Won-soon, a political independent and longstanding human rights activist, is a strong driving force behind this official embrace of sharing. In September

2012, the Seoul Metropolitan Government announced its plan to promote a sharing vision through Sharing City, Seoul.<sup>8</sup> This city-funded project aims to make sharing activities accessible to all citizens by expanding physical and digital sharing infrastructure, incubating and supporting sharing economy startups, and putting idle public resources to better use. According to Kim Tae Kyoan, director of Seoul's Social Innovation Division, Sharing City could help citizens regain some of the community that rapid urbanization and industrialization have lost. He told *Shareable* that the ultimate goal of the project is to "share lives among dispersed people, recover trust and relationships, and shape a warm city in terms of people's heart."<sup>9</sup>

Sixty percent of Seoul's inhabitants live in apartment buildings. The director-general of the Seoul Innovation Department, In Dong Cho, sees these densely populated spaces as critical in rebuilding a sense of community.

In order to regenerate communities in apartment complexes ... we recommend people establish share bookshelves, share libraries, share gardens and common tool warehouses, and to organize community activities through subsidies or grants. ... These movements toward sharing will restore dissolved communities and revive sharing culture in citizens' daily lives.<sup>10</sup>

For instance, the city is facilitating the formation of lending libraries in apartment buildings. In one year 32 such lending libraries were established offering books, tool rental, and repair (plus woodworking programs). The city is also implementing sharing services of its own, notably by opening select city parking lots and buildings to the public during off hours so that the idle space can be used.<sup>11</sup> In the first year 779 public buildings were utilized during idle hours over 22,000 times by Seoul citizens for events, meetings, and more.<sup>12</sup> Seed funding is also being provided, not just "seed resources." The Sharing City project is incubating some 20 sharing startups with office space, technical assistance, and expense subsidies, and thus supporting innovative ideas and encouraging pioneer companies to lay the groundwork for the sharing economy in Seoul.<sup>13</sup> In an echo of San Francisco's Entrepreneurship-In-Residence program, some more-established sharing enterprises will be provided funding to scale up their platform and enhance their services.

Among the startups selected for support through Sharing City are: Kozaza and Lobo Korea, home-stay platforms; Woozoo, a company that transforms older homes into shared housing; Wonderland and Billi, platforms that allow for sharing of underutilized goods; SOCAR, a carsharing service; Kiple, a clothing exchange for children; The Open Closet, a suit distribution service for young job seekers; Living and Art Creative Center, an art and writing education space; and Zipbob, a mealsharing platform.<sup>14</sup>

As the “Korean version of Airbnb,” Kozaza has been attracting media coverage with its catchy name, roughly translating as “nighty night.”<sup>15</sup> The site offers lodging services and primarily targets foreign tourists who wish to stay at *hanok*, or traditional Korean houses. Kozaza founder Sanku Jo, a 48-year-old senior corporate executive—who incidentally spent over a decade in California’s Silicon Valley—says his passion for traditional style *hanok* houses inspired him to start the service.<sup>16</sup> Kozaza not only provides host families with supplemental income and facilitates tourism expansion, but also promotes conservation of *hanok* heritage, a slowly disappearing cultural resource in Korea. But Seoul’s approaches to sharing housing are not only targeted at tourists or relieving housing scarcity, they also aim to “reduce the social isolation of seniors” with a new program created “to match young people with idle rooms in seniors’ houses.”<sup>17</sup>

The word *zipbob* means “homemade meal” in Korean. The Zipbob platform provides a way for people who are interested in eating home-cooked food to connect and share the experience together. Anyone is able to organize a meal gathering online, and if at least seven people sign up to participate, the group meets. Zipbob’s founder, the 26-year-old Lynn Park, explains that she works in Seoul’s business and investment banking district from 7 to 11 and had become tired of *hoesik*,<sup>18</sup> a term that means “dinner with co-workers,” and which is an after-work, at times pressured, socializing activity deeply engrained in South Korean business culture. Park sees the “secret sauce” behind Zipbob’s success as the thirst for connection outside of one’s circle of co-workers, combined with an appreciation for home-cooked meals, which makes it “more about healing and dining.”<sup>19</sup>

Cat Johnson reports on *Shareable* that in the first year, “461 million *won* (\$450,000) has been invested in 27 sharing organizations or businesses.”<sup>20</sup> And now:

The Sharing City Seoul project is being rolled out through its 25 boroughs known as *kus*. ... Each *ku* has its own mayor and local government. Because government-endorsed businesses are trusted by citizens, [the city] introduced the sharing economy to two *kus* by endorsing Kiple, the children’s clothing exchange. The experiment proved to be successful—Kiple doubled sales in one year.<sup>21</sup>

Seoul is playing a strong role in guiding the development of its sharing economy, both directly and indirectly. As well as actively supporting some, the city has not been afraid to ban what it sees as inappropriate. For instance, as Neal Gorenflo, a member of the city’s Sharing Promotion Committee reports, Seoul has banned Uber, instead working to develop its own open source cab-hailing app.<sup>22</sup> Indirectly the city’s past investment in an advanced and extensive public transport system helps explain both this

decision and why there is little demand for car- or ridesharing services.<sup>23</sup> There are only “564 car sharing locations in Seoul—with over 1,000 cars that have been shared 282,000 times through companies such as SOCAR and Greencar.”<sup>24</sup> But the success of mealsharing companies like Zipbob, and the niche they fill in providing a platform for meet-ups and experience sharing, demonstrates the social interaction that people are hungry for.

Sharing approaches like this show that a cultural shift toward access and unique experiences is not limited to the West. Moreover, organizations like these are helping transform the culture of Seoul toward inclusion. We must acknowledge that the city has not had a glorious record in this respect historically. David Satterthwaite, a Senior Fellow at the International Institute for Environment and Development (IIED) describes a review of 40 clearance-and-eviction cases in cities between 1980 and 1993.<sup>25</sup> Eight involved more than 100,000 persons; the largest was the 720,000 people evicted in Seoul in preparation for the Olympic Games. Nor was this a one-time event; from 1960 to 1990, 5 million people were evicted from their homes in Seoul, many several times, often from sites provided after previous evictions.

In 2002, Seoul began construction of the Digital Media City, a new high-tech business district on a reclaimed landfill site in the city’s northwest, aiming to stimulate clustering and innovation in digital businesses. Today however, reconstructions in Seoul are as likely to be found in cyberspace as in urban space. Seoul was an “early investor in smart technology, “and one of the first cities to grasp the opportunities to use data harvested from citizens’ smartphones and other GPS enabled devices rather than building a new monitoring and sensing infrastructure.”<sup>26</sup> Those same devices are the platforms for mobile and web sharing applications.

In contrast with San Francisco, the human aspects of smart cities are at the forefront in Seoul, and the city authorities are much more interventionist to that end. Mayor Park Won-soon’s smart-city vision is of one involving “communication between person and person, people and agencies, and citizens and municipal spaces, with human beings always taking the central position in everything. ... [That vision is] characterized by its unprecedented level of sharing.”<sup>27</sup> Work to deliver the city’s Smart Seoul 2015 plan involves the introduction of electronic currency and contactless smartcards for public transport access and payment, as well as the development of a proposed U-Health Care program to enhance medical access by the disabled and elderly with the use of smart technology and high-tech equipment.<sup>28</sup> In partnership with Creative Commons Korea, the city created an online portal, ShareHub, which provides citizens with information about the Sharing

City project, shares news regarding sharing economy initiatives, and acts as a directory of sharing services.

Technology can help reduce barriers to sharing, not just in collaborative consumption as we already saw in San Francisco, but also in co-production and even co-governance. Here Seoul has a rich heritage on which innovation can build. In the 1990s and early 2000s, various forms of co-management, co-production, and co-governance between the state and the third sector were developed in South Korea. By 2007 they were playing “an increasingly important role in producing and delivering public services such as childcare, healthcare, care for the aged, library service, waste management, education, and community development.”<sup>29</sup> Co-production in South Korea is distinctive from European experience in two ways: First, in that it effectively established a state welfare system in circumstances in which welfare had previously been the province of “individuals, families, firms, voluntary organizations and foreign groups.”<sup>30</sup> Second it is “being demanded by the public and used by the government to increase the legitimacy of and popular support for ... nascent democracy.”<sup>31</sup>

The researcher Jung-Hoon Kim also emphasizes the importance of co-production as an expression of democratic renewal in his study of co-production in waste management in Seoul.<sup>32</sup> In the 1990s, he says, “The coproduction concept was very meaningful. ... Most Korean citizens were focused on real citizenship or citizen consciousness in the process of democratic political developments.”<sup>33</sup> In waste management, co-production took the form of voluntary waste reduction and waste sorting for recycling. The city introduced financial incentives, in the form of charges on residual waste, but also established free collection of recyclables. The net effect was to reduce average household expenditure on waste management. Kim highlights the cultural readiness of ordinary Korean citizens—primed by *jeong*—to cooperate. He says, “The goodwill, obligation, and consciousness” of citizens was essential to the success of co-production in waste management.<sup>34</sup>

Co-governance continues today. The city is directing some of its budget in line with citizen input: its Residents’ Participatory Budgeting System provided Seoul citizens with the opportunity to direct spending of 50 billion *won* (approximately \$47 million) in 2013 to fund projects that were democratically decided upon.<sup>35</sup> In the same year, the Social Innovation Camp in Seoul brought together 50 digital entrepreneurs and innovative software developers to compete in constructing web- and mobile-based solutions to public sector challenges facing today’s cities. The winning team built a mobile application called “finger-town,” which makes reporting public service problems fun and lets users know when problems are solved.<sup>36</sup>

To advance the public's access and use of mobile- and web-based sharing services, the city is focusing on building "smart environments," in which free Wifi, or wireless Internet, is available anywhere at any time.<sup>37</sup> Almost 2,000 additional wireless access points have already been established at markets, parks, and government offices.<sup>38</sup> Officials are targeting populations who are often underserved when it comes to smart technology by distributing second-hand smart devices to the elderly, the disabled, and low-income families, with the goal of reaching 1 million devices given out by 2015.<sup>39</sup> This unprecedented level of connectivity and communication uniquely positions Seoul to harness the problem-solving potential of sharing. Consistent and available communication modes also can encourage citizen participation in information sharing as well as enhance transparency in city operations.

Mayor Park Won-soon has a track record of social activism and was elected in October 2011 under the slogan "Citizens are the mayor." Creating a culture of listening has been an explicit component of the mayor's leadership platform. This pledge to listen to the people is illustrated by a large ear sculpture, placed outside of the newly constructed Seoul City Hall<sup>40</sup> and "installed with an interior microphone connected to the speakers placed all around the City Hall's basement."<sup>41</sup> The city also practices open government by providing public access to all official city documents, even those in process.<sup>42</sup>

Mayor Park Won-soon highlights his commitment to providing multiple venues for citizen voices to be heard. These include "the Simincheong ... in Seoul City Hall, [which] acts as a 'speaker's corner' for anyone who wants to send a video message to the city administration"; and online platforms such as Twitter, where the mayor has more than 660,000 followers who communicate suggestions and feedback to him in real time.<sup>43</sup> Citizen participation is also encouraged through the Seoul Innovation Planning Division, which researches how innovations from around the world might be applied in Seoul, and gathers, spreads, and systematizes creative ideas from Seoul citizens.<sup>44</sup> It has also been tasked to address legal obstructions to expanding the impact of sharing activities and enterprises, and to facilitate communication between startups and the Seoul Metropolitan Government.<sup>45</sup>

Seoul has also developed dedicated forms of co-governance to help deliver the sharing city. The city has delegated significant decision-making powers on sharing to a Sharing Promotion Committee comprising 12 members from the private sector and 3 from government, and established partnerships with both tech startups and grassroots citizen-driven

organizations working to catalyze more sharing in Seoul.<sup>46</sup> In Dong Cho sees the city's job as providing the infrastructure for sharing:

It is not desirable for government to directly intervene in the market to promote the sharing economy. ... The city needs to build infrastructure such as law, institution and social trust capital—the city needs to pave the way and strengthen the ecosystem for the sharing economy to thrive.<sup>47</sup>

The Seoul Metropolitan Government believes that public sector support and citizen participation in sharing efforts can be made stronger through appropriate collaboration with the private sector. Mayor Park Won-soon refers to this as “super-sectoral social innovation.” It is evident in the way the Sharing City project fosters private sharing enterprises that use innovative approaches to tackling social problems. For instance, Dream Bank was founded in 2012 after 20 Korean banks pooled funding to create a new foundation for incubating startup companies. Dream Bank constructed D.Camp, a 1,650 square-meter (17,760 square-foot) co-working space that provides a minimum of three rent-free months of office space, networking, and educational opportunities to emerging sharing enterprises. D.Camp is also creating an online platform to connect startup entrepreneurs with investor financing.

Seoul's status as a Sharing City is attracting global attention, and the city continues to publicize this branding through hosting international conferences and events that allow other municipalities to experience a sharing city plan in action.<sup>48</sup> The city also plans to establish an International Sharing City Conference.<sup>49</sup> In November 2013, Seoul hosted the Global Social Economy Forum in its city hall. This forum was the largest event of its kind, and brought together participants from over 30 countries to share local government-led urban innovations and experience in building partnerships for social enterprises.<sup>50</sup>