

Impact of Collaborative Consumption on Consumers and Companies in Different Countries

Masterarbeit

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1. Introduction

“Tourists go home” was the slogan of the demonstrating citizens’ initiative called “Ciutat per a qui l'habita, no per a qui la visita” – “The city belongs to the residents, not the visitors” in Spain as a response to mass tourism in May 2017. Specifically the residents of Barcelona criticised, that more and more accommodations are rented out to tourists through platforms like Airbnb or HomeAway (Köllen, 2017). Which lead to a decreasing size of the residential market, increasing prices and therefore higher difficulties in the apartment renting possibilities in some areas of the country. New regulations have recently been passed in an attempt to reduce these difficulties for the citizens and to curb any further demonstrations.

On the other hand, companies like Airbnb are nonetheless constantly increasing in popular across the world. The wide range of the sharing economy platforms offers many alternative solutions in almost all life’s circumstances has increased. Be it an emergency dog sitter to cover during a spontaneous holiday, a temporary replacement for a broken car or the short time access for a high-pressure cleaner, the possibilities of attaining these services through Shared Economies are there.

Sharing Economy is an opportunity towards a more sustainable behaviour for consumers as well as for companies e.g. many consumers buy products which they never use or only use just once. These purchases are often a waste of time, money and resources. The modern consumerism faces serious problems that have been ignored for years. The consumption of goods and services in the last few years exceeded the consumption of all previous generations before. Since 1980 more than one third of the planets resources like natural minerals, metals and forests have been consumed.

The popularity and the willingness to participate in the sharing economy is varying across the world (Nielsen, 2014). However, the heritage of consumer is only one factor that could explain the varying consumer behaviour. Other motivational as well as non-motivational factors are influencing the decision-making process. To identify the main factors leading the consumer behaviour towards collaborative consumption an online survey has been carried out.

The rise in popularity has also lead to increased interest from many investors who are willing to invest into these new alternatives. What are however, the exact differences between traditional companies and Shared Economy alternatives? Do companies see the Sharing Economy as a threat or does it leads to new opportunities (Botsman & Rogers, 2010)? Is the strong market potential of Sharing Economies based on a differing business models than that

of conventional businesses? To analyse these questions a comparison of the business models of different companies will be conducted. Since the consideration of all companies is not possible in the framework of this paper, it will only include two comparable companies. The first company considered is Airbnb, which is one of the trailblazers in the Sharing Economy trend. The second company considered is HRS.de, which is a comparable business in the traditional economy.

This thesis aims to answer the following two research questions and give an overview of different perspectives. First, a study that aims to understand the impact of Shared Economies on consumer's behaviour will be conducted. Secondly, the thesis analysis the implications of the findings on companies in the industry. The underlying assumption throughout this thesis is that some traditional companies may be forced to overthink their business models in order to adapt to the Sharing Economy and the new trends.

Research Question 1: What are the potential motivations behind the consumer behaviour towards a participation in the Sharing Economy?

Research Question 2: What are the differences between established companies and platforms of the Sharing economy and how do they compete with each other?

The structure of this thesis generally follows the instructions of Hevner et al. (2004), and begins with a short overview about the evolution of Sharing Economies and continues with the introduction to various definitions und substitutes for the Sharing Economy ([section 2](#)). A generally valid definition will be determined laid as foundation in chapter two.

In [section 3](#) a theoretical background and literature review aims to provide general insight into the field of research. The literature review, based on Webster and Watson's (2002), is conducted to find the main components influencing the consumer behaviour and to identify the most important factors that makes clients decide between participating in the Sharing or Traditional Economy. Firstly, this chapter gives an overview about the overall distribution of the Sharing Economy across the world, an industry overview and insight into the success factors, which are fundamental components of information for the consumers as well as for the companies.

Afterwards, types of consumers and their behaviour is summarized based secondary research. The last part of this chapter concentrates on the methodology of creating a business model, which is later applied to and considered in the context of the companies: Airbnb and HRS.de.

The methodology, creation and implementation of the online survey that aims to analysing the actual consumer behaviour are described in chapter four. To explore geographical as well as

demographical differences, the survey will be carried out in three different countries: Germany, Turkey and United Kingdom. Many factors are influencing each other; therefore, a model is developed to give a clear structure of the single constructs of the implemented online survey ([section 4](#)).

The business models of Airbnb and HRS.de are then reviewed through the usage of a SWOT analysis in [section 5](#), which allows for a comparison of both companies and helps to uncover alternatives in the actions of traditional companies and Shared Economy companies. Consideration towards the need for government intervention, in order to ensure a fair competitive environment, is also provided.

[Section 6](#) discusses the results of the whole paper, with primary focus on the findings of chapter four and five. This discussion also shows the main areas where companies and platforms need to adapt to the changing consumer behaviour.

[Section 7](#) and [section 8](#) summarizes all results and limitations of this work. Based on the complexity of the Sharing Economy a restricted framework has been implemented which nonetheless still provide scope in many areas for further research.

2. Sharing Economy and Collaborative Consumption

This section gives a brief overview of the evolution of the Sharing Economy. Furthermore, this section discusses different definitions of the literature to determine a generally accepted definition. After describing the success factors which are mainly the key factors enabling the growth of the Sharing Economy, this section also gives a general overview over the industry.

2.1 The Rise of the Sharing Economy

Long before the labelling “Sharing Economy” was introduced the principle of usage instead of purchase was established. The idea of sharing resources in a community or exchanging them exists since the evolution of humanity (Godelnik, 2017). In the ancient times, people would already share their properties and resources to receive access to goods that they don't own (Abdar & Yen, 2017).

Today, at least by leasing or renting an apartment or shop, many people have already been in touch with Collaborative Consumption. The substantial new characteristic of Sharing Economy is called “stranger sharing”. Sharing was historically just known in between a set community like families and friends or neighbours. People weren't able to trust stranger and

people who are offering rides are freelancers. The U.K. just announced the planned banning of Uber as well. Therefore, Sharing Economy companies need to negotiate regulations with the governmental to avoid restrictions.

Companies like Airbnb should receive different levels of taxes for sharing economy transactions only equally to tourist and income taxes but on a lower level than the industry. By implementing a “cap” for the sharing activities to avoid exploitation of the principles of the sharing economy e.g. a fixed number of days for home sharing could prevent the purchase of houses for the purpose of renting the out on permanent basis. This way the government can establish a border between professional and incidental providers. Furthermore, the fiscal problem could be solved. The amount earned by sharing activities wouldn't add up to a significant amount and therefore could be ignored since they usually fall under existing tax exemption levels. However, governments struggle with the implementation of these kind caps since platforms don't allow the access to customer information. (Frenken & Schor, 2017). The government needs to support the opportunities of sharing economies which are able to change the economy into a more efficient and flexible shape.

7. Conclusion

The times where sharing was limited between family members and friends have been changed to a much wider circle. As shown in the results of this study many consumers are willing to participate in the Sharing Economy. However, there are still many criticisms of the economy extinguished by traditional companies as well as other third parties like the already mentioned case in Spain where residents complain about shortness of accommodations.

The goal of this thesis was to create an overall overview of the Sharing Economy and their impact on the consumers as well as on companies.

Firstly, this paper tried to determine the factors, that are motivating consumers to participate in the Sharing Economy. However, understanding the consumer behaviour is complex and influenced by many aspects. Therefore, this paper focused on the underlying motivations that are shaped by values, attitudes and norms. To identify which aspects are contributing on the patterns of behaviour an online survey has been conducted to empirically measure motivational aspects which are complex and challenging to observe. A model was created which assumed that 15 factors have a direct influence on the consumer behaviour. The implementation of indicators was fundamental to evaluate the influencing factors. Furthermore, cultural differences in Germany, United Kingdom and Turkey were supposed to be compared as well.

For each country, a separated model has been implemented with SmartPLS to analyze the influencing factors. The model has been optimized with the help of evaluation criterions. In conclusion, each country indicated different motivations. Based on difficulties during the implementation of the model, a simplification and split in multiple parts was necessary.

In the end, each country indicated different significant motivations towards the consumer behavior and their willingness to participate in the Sharing Economy. However, the key finding is that a mix of intrinsic and extrinsic motivations need to be combined to increase the willingness of consumers to participate in the Sharing Economy.

The majority of participants are willing to be part in the Sharing Economy, which gives new companies an incentive to enter the market and develop the Sharing Economy. They do not necessarily offer eye catching aspects in their business model. However, they could be silhouetted against traditional companies. One of the main aspects are sustainability and social factors. Even if the sustainability of the Sharing Economy aren't accurately proofed, the association of consumers could already be a major benefit for these companies.

The literature is quite diversified by describing the Sharing Economy. It's a fact that the Sharing Economy is growing and offering more and more alternatives to the traditional market. Even if it is not a threat to the Traditional Economy yet, it could change if barriers are reduced and negotiations with the government are set. However, it is doubtful if economic motivations can be hold when companies like Airbnb increase prices to match regulations like paying taxes.

8. Limitations and Ideas for Further Research

The inspection of two equivalent and major companies in the accommodation sector provided a reasonable opportunity to research the strength and opportunities as well as the weaknesses and threats to understand the similarities and differences by comparing their business models. However, the focus on two companies of the same sector allows only a restricted consideration towards the development of the general Sharing Economy which depends mainly on the willingness of people to participate. To understand the consumer behaviour in the long term a wider extend of data like more recent information about the companies and the sector allows a more accurate and detailed analysis to identify further aspects.

To research the consumer behaviour the implementation of a survey provides the opportunity to identify the main aspects motivating the participation in the Sharing Economy. Therefore, a

standardized online survey has been set up to evaluate the consumer behaviour with n= 183 participants across the three chosen countries which could be extended to a larger sample group in further researches. In addition, the representative group of participants do not certainly show the age group since many people have not indicated their birth year. But a high proportion of the generation of millennials can be assumed. The results show that the majority of the participants have used opportunities of the Sharing Economy at least once and therefore a comparison of the motivations of non-users are not representative as well.

In addition, a consideration of only three countries does not accurately allow implications of the motivational factors and motivation of people around the world. The intention of participating could among other things depend also on differing regulations in these countries. Therefore, the legislation needs to be considered in detail to evaluate the lack of missing regulations which are also enabling the determination of responsibilities and liabilities.

The implemented items were established to measure and observe the constructs of matter. However, inter-correlation of the implemented items was quite high and the explained variance of the outcome variables were below the threshold value in many cases. In addition, a 5-point-scale might not capture all possible response options or more specifically is too simple to cover the exact opinion of all participants. However, an evaluation of multiple variables is more comparable this way.

The survey has been shared on multiple social media platform to reach randomly selected participants. But the usage of social media platforms is likely to be positively correlated with the consumer behaviour as well and need therefore further research. For example, elderly are less likely to use social media platforms which potentially led to exclusions of responses within the given timeframe.

The reduction of barriers and the implementation of regulations, the whole potential of the Sharing Economy would come into the light without threatening the traditional market and affecting other third parties.

“The relationship between physical products, individual ownership, and self-identity is undergoing a profound evolution. [...] In other words, we don't want the stuff but the needs or experiences it fulfills.”

Rachel Botsman