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Consumer Behavior in the Sharing Economy- Airbnb Consumer Adoption factors

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Declaration:

I hereby declare that I am the sole author of the thesis entitled “Consumer Behavior in the Sharing Economy- Airbnb Consumer Adoption factors “. I duly marked out all quotations. The used literature and sources are stated in the attached list of references.

In Prague on April 27, 2018

Signature

Leonor de Almeida Santos Sobreira

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Abstract

Rychlý rozvoj sdílené ekonomiky v oblasti ubytování i změny v chování spotřebitelů, především pak vzájemné důvěry obou stran poskytujících službu, jsou předmětem mé diplomové práce, která zkoumá adaptabilitu spotřebitelů ve sdílené ekonomice na příkladu Airbnb.

Abych zjistila relevantní informace o chování spotřebitelů, využila jsem kombinaci kvantitativní a kvalitativní výzkumné metody,

Mezi hlavní výzvy, kterým Airbnb v současné době čelí patří konkurence firem nově vstupujících na trh sdílné ekonomiky jako HomeAway a potřeby vylepšit design a interaktivitu svých webových stránek. Většina spotřebitelů volí Airbnb především kvůli ceně, vybavení ubytovacích zařízení a jejich lokalitě, zatímco hlavní adaptivní faktor, nedostatek důvěry vůči hostiteli, zůstává opomíjen.

Abstract

The growth of the accommodation sector in the sharing economy and the change of behavior from the consumer's side in the way they trust peer-to-peer services made the main goal of this study, which provides a deeper overview of the practical case of Airbnb consumer adoption factors.

The use of a mixed research methodology was applied, including a quantitative and qualitative research and analysis to extract the relevant insights from the consumers.

Airbnb faces now the challenge to compete with new entrants in the sharing economy market like HomeAway and still needs to improve its website design and interaction. Most of the consumers choose Airbnb mainly for the price, the accommodation amenities and the location, leaving as major non-adoption factor the lack of trust in the hosts.

Keywords: sharing economy; peer-to-peer services; consumer behavior; Airbnb; trust;

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Introduction

The emerging growth of a new economy, the sharing economy, is changing the way people use services, resources and mainly the way people trust each other.

Peer-to-peer services are growing in different industries in a global scale, from accommodation to banking, or simple share of objects and exchange of tasks. The growth of these sectors was possible using our digital era technologies, the constant connectivity embraced with the mobile smart phone expansion, made transactions more convenient, easier and faster for all consumers and providers. (Sundararajan, 2016)

The consumer in the sharing economy is, sometimes, also the provider and manages underutilized resources in a sustainable way for the economy and for the environment. (Sundararajan, 2016)

Firstly, this thesis aims to explain the concept of sharing economy, crossing with similar approaches, as collaborative consumption and access-based consumption, which are defended by different authors and can enrich the main concept by its small differences.

Secondly, in a practical real business case view, Airbnb and its structure will be explored, passing through its competitors and the overview of the accommodation market in the sharing economy. Airbnb constitutes one of the most successful and fast-growing companies in the market, which prospered to overpass the trust barriers from the consumers all over the world and thrives to deliver a safe peer-to-peer accommodation service to its guests and hosts.

Thirdly, using Airbnb as research focus, the main goal of this study is to determine the crucial consumer adoption factors of Airbnb and relevant key factors which the company can still improve.

Finally, the managerial implications of the research and main recommendations will be delivered, as soon as the accommodation sector of the sharing economy is still new and very actual this thesis aims to contribute to reduce the gap of research in the field, mainly focusing in the consumer perspective.

1. Concept's definition: Sharing Economy; Collaborative Consumption and Access-Based Consumption

The primary chapter of this thesis starts by defining Sharing Economy, addressing the main actual authors on the concept and crossing with the early thinkers.

After defining Sharing Economy, it is possible to notice that two other similar concepts: Collaborative Consumption and Access-Based Consumption, are worth explaining, since they represent a base version of the main concept and remount to former important authors as well.

Further on, the technology acceptance theories in consumer behavior will be covered, as well as the theory of Diffusion of Innovation and an overview of the companies in the sharing market, more specifically, the Airbnb, since it represents the chosen case for the research.

1.1 Defining Sharing Economy

As an outcome of the dangers of unsustainability concerning overconsumption in the financial situation, individuals search for more sustainable ways of living and consuming needed resources (Albinsson and Perera 2012; Prothero et al. 2011; Sheth, Sethia, and Srinivas 2010). The idea of owning everything you consume is no longer a trend for consumers, and so the share of resources is taking place, moving traditional economy to a different level – experience economy (Pine & Gilmore, 1999). Along with the improvements in mobile platforms and the use of internet, peer-to-peer transactions are becoming part of modern society, because now consumers can access resources from each other in a very convenient and effortless way.

Sharing Economy is a term used to define this new way of consuming and is very similar to terms like collaborative consumption from Botsman & Rogers (2010), access-based consumption defined by Bardhi & Eckhardt (2012), and crowd-based capitalism in a recent analysis by Arun Sundararajan (2016).

Sundararajan (2016) defined sharing economy or crowd-based capitalism, a term he uses interchangeably, as an economic system with five distinct characteristics: Largely market-based – in the way that sharing economy creates markets by enabling the exchange of goods and the development of new services, which generate

latent higher economic activity; High-impact capital – which means this model opens new opportunities for full capacity usage of resources like assets, skills, time or money; Crowd-based networks rather than centralized institutions – considering that supply of capital and workforce comes from decentralized crowds of individuals rather than corporate or state aggregates; Distorting lines between the personal and the professional – noting that in the sharing economy, the peer-to-peer activities transacted like giving someone a ride, are activities considered as personal; And finally, muddling lines between fully employed and casual labor, as well as between dependent and independent employment or even between work and leisure.

Sundararajan, based its definition in several authors who first defined sharing economy with diverse, and sometimes controversial, perspectives. Starting by Bostman & Rogers (2010) – who defined collaborative consumption (which will be covered further) – comparing with Gansky – who wrote the “*Mesh*” (2010) and came with five different features on sharing networks – then Alex Stephany with the “*Business of Sharing*” (2015), and finally the sharing economy early thinkers corresponding Yochai Benkler (2004), crossing with Michel Bauwens (2005) and Lawrence Lessig (2008).

Lisa Gansky used “*Mesh*” as a metaphor to describe the term she defines as “*a type of network that allows any node to link in any direction with any other node in the system. Every part is connected to every other part and they move in tandem*”. Mesh represents a new era of sharing using the advantage of information-based services to make the bridge between people and products or services. The drivers of this new phase, according to Gansky, are: population growth and overcrowded cities, the economic crisis, global warming, the increase in connectiveness among communities and markets and the big brands disruption – considering the lack of adaptation to the digital era by of some companies, which cost them their place in the market and permitted innovative entrepreneurs to take their places. (Gansky, 2012)

The word “*mesh*” means a type of fabric with a lot of holes, which make it transparent. By using this metaphor, the author emphasized five crucial characteristics of sharing in business. The first, is unquestionably sharing – products, services or even raw material can be shared within the market and the community in any scale, locally or globally. The second, is the reliance on advanced digital networks –

reflected in real time data connection, keeping updated information of the users and the items or services transacted. The third, is the immediacy of the transaction, where products and services can be shared whenever and wherever. The fourth, relies on the word-of-mouth growth relevance driven by social media platforms, using reviews, posts and comments as a powerful weapon comparing with traditional advertising. Finally, the last emphasizes the local and global scale and potential of the Mesh economy. (Gansky, 2012)

To conclude Gansky's contribution to define sharing economy, the author clarified *"Using sophisticated information systems, the Mesh also deploys physical assets more efficiently. That boosts the bottom line, with the added advantage of lowering pressure on natural resources"*¹. More specifically, to grab the opportunity to fully use underused assets and space to create a business using the new shareable transparency, conquered with progressive digital networks, in a sustainable way. (Gansky, 2012)

Moreover, Alex Stephany, JustPark CEO – a peer-to-peer business that allows people who have empty parking spaces to meet people looking for a place to park – also gave his contribution to define sharing economy, with the advantage of being a successful entrepreneur in the field of peer-to-peer services. Stephany, provided his view on sharing economy in short words: *"The sharing economy is the value in taking underutilizes assets and making them accessible online to a community, leading to a reduced need for ownership of those assets"*².

On the opposite of most authors exploring this subject, Stephany does not focus only on peer-to-peer transactions, but also on direct renting companies like Rent the Runway or ZipCar, who do not facilitate personal-based supply. The author explained five features of his definition, following the fundamental logic of Gansky's five characteristics. The first is value – the undoubtable creation of economic value in both barter and money transactions. Secondly, the underutilizes assets, succeeding the sense of idling capacity. The third, online accessibility – the inherent connection via Internet available everywhere. Fourth is the community, in a way that reflects

¹ Gansky, Lisa, 2012, *The Mesh: Why the Future of Business is Sharing*.

² Stephany, Alex, 2015, *The Business of Sharing*.

intra-community trust, social gathering and shared value as the key to expedite transactions' process. Finally, the fifth describes the phenomenon where products become services, as the ownership is no longer always needed. (Stephany, 2015)

Returning now to the early thinkers on the sharing economy, who reassembled historical roots of humanity, it is possible to see that barter and sharing were the first trade exchange procedures within human societies for centuries. As Yochai Benkler, NYU and Harvard professor, realized that sharing would be in "the very core of the most advanced economies – in information, culture, education, computation and communications sectors"³. For Benkler, the rising availability of connectiveness among the population through free software, distributed computing and the digital networks permitted a change, which we observe today, to a decentralized production based on social relations instead of power hierarchies and markets. The main characteristics of shareable goods, according to the professor, are defined as "lumpy" and "granularity". Where lumpy means, basically, any good you buy as it is, even if you will not need all its functionalities but you have no other choice. Granularity refers to the cover to which a good is used or not used to its complete capacity, there are three levels of granularity: mid, fine and large grained. The shareable goods come from mid-grained, lumpy goods, as it is explained: "*Mid-grained goods are small enough for an individual to justify buying for her own use, given their price and her willingness and ability to pay for the functionality she plans to use. If enough individuals in society buy and use such mid-grained lumpy goods, that society will have a large amount of excess capacity "out there," in the hands of individuals*". (Yochai, 2004)

Benkler used a car as an example of a mid-grained good, because usually a car is not used every hour of the day (full capacity) and not even, sometimes, every day of the week. So, essentially, individuals buy a car to have a transportation for the weekends and some hours of the week days, which means the good is mid-grained and has sharing potential through digital platforms. (Yochai, 2004)

The new era of sharing did not come to the society for ethical reasons, but for the sharing potential enabled by the digital platforms. Individuals just noticed the

³ Benkler, Yochai, 2004, *Sharing Nicely': On Shareable Goods and the Emergence of Sharing as a Modality of Economic Production*.

potential of these under-used resources now, because the technology allowed them to see further peer-to-peer connections and future transactions. The professor defended that, the market-based interaction is founded in social cues and motivations and not in prices as economic activators and reinforced that the economic change we are facing in society, comes with a need for expectations and policies adjustments into the social relations new relevance in the sharing economic production. (Yochai, 2004)

In 2005, Michel Bauwens, another early thinker on sharing economy, defended his vision starting by explaining how peer-to-peer economy can renovate the essentials of society's social life and change it into a new human interaction. Peer-to-peer projects are dependent on a connectivity protocol, which is basically what allows Internet connectivity on the planet. The Internet, he defines, as a decentralized system where peer-to-peer projects can emerge from distributed power and distributed systems, which means equal access to resources and information. (Bauwens, 2005)

For Bauwens peer-to-peer projects follow the "*holoptism*", more specifically, it represents a system where knowledge is distributed among all users, erasing the hierarchy line between users and providers or owners and workers, allowing participants to participate in equal terms. On the other hand, "*panoptism*" represents limited knowledge to workers, just the needed information for them to conduct their work, while total knowledge is limited to a single elite group or individual to empower hierarchy. (Bauwens, 2005)

Lastly, to support his vision, the author explains the potential of the emerging sharing economy as: "*P2P (peer-to-peer) gives rise to the emergence of a third mode of production, a third mode of governance, and a third mode of property, it is poised to overhaul our political economy in unprecedented ways*"⁴. Here is evident the truly belief of Bauwens on the constant irreversible new way of conducting not only profit-driven sectors of the peer-to-peer economy, but also society's political and governance systems. As he states, a decentralized peer-to-peer broad system. (Bauwens, 2005)

In addition to his view, it is relevant to mention a study conducted by Pais and Provasi (2015), who categorized sharing economy's activities into six different

⁴ Bauwens, Michel, 2005, *The Political Economy of Peer Production*

modules: rental economy, peer-to-peer economy, on demand economy, time banking and local exchange trading system, free open source software and social lending and crowdfunding. (Pais and Provasi, 2015)

Rental economy is defined by an economy based on rental agreements made by specialized companies, which take under-used assets, like cars, under users private and exclusive ownership, following as an example like ZipCar. Peer-to-peer economy, relates also to under-used assets or goods, however here the owners are the direct providers of the resources, like Airbnb operates. On demand economy, on the other hand, is the performance of personal services, under the use of a platform which provides on demand services, performed by both professionals or common citizens (as an example: BlaBlaCar and Uber). Similarly, time banking and local exchange trading system represents a version of the previous platforms, but the transactions here rely on barter, counting on other means of return to exchange such as time as unit value. Free open source software, represents all open source software programs constructed by communities, produced among users and developers, like Linux and Wikipedia. (Pais and Provasi, 2015)

Finally, social lending and crowdfunding is constituted by the platforms, which allow capital raising needed for the development and implementation of new projects and ideas, by enabling direct loans and donations from people interested in the different projects.

These six classes, allowed Pais and Provasi to prove the existing diversity within the sharing economy and differentiate the emerging sectors by its specific economic activity. (Pais and Provasi, 2015)

Returning to the last early thinker, Lawrence Lessig, who contributed to the sharing economy definition in 2008, by creating a new concept – hybrid economy – which will be explained further. (Lessig, 2008)

Lessig starts to make a clear distinction between commercial economy (in parallel with Benkler) and the sharing economy. Commercial economy is defined by the price as a metric, but sharing economy is defined by the culture, in other words, the set of social relations as a metric. In his view, sharing economy is completely different in a way that it cannot be defined in terms of money, not because people have an

aversion towards money, but due to the authenticity of each different social circle, where values and principles of what is acceptable in communities are shaped. (Lessig, 2008)

For the author, sharing economy is also about good feelings, not only about goods and services, and that is the reason why he defines two separate sharing economies: thin economies and thick economies. Thin economies relate to economies where the motivation is individual and private, the self-motivated economies, including also non-monetary activities and associations. Thick economies refer to activities where the motivation behind is not self-related, but community related. However, for Lessig, the crucial new emerging economy is a third one, which he calls: hybrid economy – built upon commercial and sharing economies together, adding value to it by combining both, as he explains *“The hybrid is either a commercial entity that aims to leverage value from a sharing economy, or it is a sharing economy that builds a commercial entity to better support its sharing aims. Either way, the hybrid links two simpler, or purer, economies, and produces something from the link. That link is sustained, however, only if the distinction between the two economies is preserved.”*⁵ (Lessig, 2008)

In opposition to this explanation, Arun Sundararajan, a previously mentioned author, considers, although he agrees with the existence of the mix between commercial and sharing economies, he claims the link between the two will get distorted and not preserved like Lessig defends. (Sundararajan, 2016)

1.2 Defining Collaborative Consumption

Collaborative consumption urged as a concept in a more popular length in 2010, when Botsman & Rogers defined it as an attempt to explain the shift in consumption over the 20th and 21st centuries. The authors saw the reflection of human ancient relations ten thousand years ago, in the online networking nowadays – from the hunting groups, to the small shared villages, then to big community structured cities and finally to the online social groups. This reflection was the base to the collaborative consumption definition as Bostman & Rogers stated: *“The reinvention of traditional*

⁵ Lessig, Lawrence, 2008, *Remix: Making Art and Commerce Thrive in the Hybrid Economy*

*market behaviors – renting, lending, swapping, sharing, bartering, gifting – through technology, taking place in ways and on a scale not possible before the internet”*⁶, by combining an individual’s need with what other individual has, in an efficient and trustful connection between both, so they can make peer-to-peer transactions easily.

The four main drivers, considered as the motives of the shift in the way we live in society for the authors, are the following: technologies innovation, a change in social values, economic realities, considering the financial crisis and the environmental pressures, empowering the unsustainability of resources. All these drivers changed the way people live, work, travel, create, learn, play and consume, resulting in the collaborative era society faces in the present. (Bostman & Rogers, 2010)

As Bostman & Rogers referred in their book, collaborative consumption is based in three different systems, which allowed its development: collaborative lifestyles; re-distribution markets and product service systems. The first, collaborative lifestyles represents the grouping social effect where people can share or exchange not so tangible assets like space, time, skills and money (as an example of co-working spaces, Airbnb or even TaskRabbit for skills and TimeRepublic for time). The second, redistribution markets relates to the possibility of exchanging goods within consumers themselves, as Ebay or other platforms allow, usually for markets like technological equipment, books and music instruments. The last, but not less relevant, product service systems, relate to the experience where consumers can pay each other to access resources, so the consumer becomes the user or the renter or the driver in the service or good provided. This third system allows the improvement of utilization rates of the resources, by untapping the value of underused capacities and raising efficiency. (Bostman & Rogers, 2010)

In collaborative consumption there are three business models that can be used within this economy: B2C (business to consumer), where the company owns the resources and provides facilitation to transactions among users; P2P (peer-to-peer), where the resources are owned and exchanged directly from person to person; and B2B (business to business), where are solutions that enable companies to untap their idling capacity of their assets. (Sundararajan, 2016)

⁶ Bostman & Rogers, 2010, *What’s Mine is Yours: The Rise of Collaborative Consumption*

To conclude, the authors compare the 20th century called hyper consumption with the 21st century collaborative consumption, where hyper consumption was characterized by individual and private ownership; the use of credit, as access driver; and advertising, as choice driver. On the opposite, collaborative consumption is characterized by shared access to assets, resources and information; the importance of reputation as access driver; and the community, as choice driver. (Botsman & Rogers, 2010)

1.3 Defining Access-Based Consumption

Access-based consumption is a phenomenon, that was first defined by Rifkin in 2010 and later well studied and defined by Bardhi and Eckhardt in 2012.

Rifkin's perspective focused more on business-to-business markets, in which he states a big change in regimes from before to the present – the markets are no longer under property regimes, characterized by long-term ownerships, but under access regimes, where limited use of assets allows short-term consumption experiences.

Nevertheless, for Bardhi and Eckhardt, they studied the shift in consumption behavior by observing the change in associations connected to access vs. ownership in the society. Before the sharing era, simple, temporary access to an asset or service, was associated with the public services and non-profit sectors. While, in the present, access as become a new way of using those assets instead of owning them. On the opposite, ownership was, historically, viewed as cheaper and perceived as a goal in life according to cultural values, by giving the idea of safety, independence and individuality to consumers. (Bardhi and Eckhardt, 2012)

In the present, access leads and is no longer perceived as a weaker or minor form of consumption, thus to the change in sociocultural politics, as the authors specified:

“Access has emerged as a way to manage the challenges of a liquid society”⁷, along with a notorious change in consumers' perspectives, by making a less strong correlation between proprietorship and welfare. Facing an unstable reality, concerning labor markets and acquisition costs, makes affording to own properties or cars or other

⁷ Bardhi, F. and Eckhardt, G. (2012). *Access-Based Consumption: The Case of Car Sharing*. JOURNAL OF CONSUMER RESEARCH, Inc, Vol. 39, pp.1-6

assets, a considerable expense and risk on a person's account. (Bardhi and Eckhardt, 2012)

Bardhi and Eckhardt explained also the difference between access and sharing, by characterizing sharing as a joint ownership with shared responsibilities over the assets usage, where altruistic values are implicit. Whereas, access is described as a simple and temporary allowed usage of an asset, characterized by the existence of economic exchange and reciprocity. (Bardhi and Eckhardt, 2012)

Finally, the authors created six dimensions to illustrate different types of access-based consumption situations: temporality; anonymity; market-mediation; consumer involvement; type of accessed object and political consumerism.

Temporality is related to the duration and usage of the arranged access, in a way that influences the consumer-to-object relationship, taking into consideration that although access can be permitted for a long-term, it does not mean the individual will use it during the whole access period. The duration of access can be short-term, like in one-time transaction, or long-term, like in memberships or associations.

The duration of usage can also be short-term, as the case of one-night stay in Airbnb or one-time ride by Uber, or long-term, like long-term rents for accommodation or car leasing.

In long-term cases of duration and usage, the consumer-to-object relationship is stronger, and so the rights to other consumers of the same object are closer and the perceived ownership and care towards the object is increased. On the other hand, for short-term cases, the relationship to the object is weaker, and so the value connected to the object and its other users is reduced. (Bardhi and Eckhardt, 2012) Anonymity is related to consumer-to-consumer relationships and has two differential factors: the interpersonal anonymity and the spatial anonymity. Interpersonal anonymity can be totally anonymous or totally public. In the first case, the consumers tend to demonstrate more irresponsible and careless behavior, in the second case, it is the contrary, consumers behave with more responsibility and attention towards the service or object provider due to the social pressure of reputation.

Spatial anonymity is related to distance to the object, the closer the consumer's home is to the object usage, more usual and intimate is the relation and a bigger perceived ownership is associated. On the opposite, when the exchange is done far away, the relation is weaker and less frequent. (Bardhi and Eckhardt, 2012)

Market mediation is defined, mostly, by for-profit orientation, where the markets are mediated or non-profit motivations like peer-to-peer sharing through digital access, characterized by non-mediated markets like in Land Share. The level of mediation in the market can affect the consumer-to-object relationship, in a way that, profit oriented markets make the relationship weaker and non-mediated markets make it stronger. (Bardhi and Eckhardt, 2012)

Consumer Involvement impacts consumers in the experience level and can be limited or extensive. In limited involvement cases, the level of engagement in the experience is lower like in traditional rental services, whereas in deeper involvement the level is higher, as the consumer takes care of the object like in car sharing.

Self-service and Full-service situations can also influence the consumers commitment and identification to the object, in a way that self-service implies a more serious commitment from the consumer.

Type of accessed object affects the nature of access-based consumption by two differential factors: the first, if the object is more functional or experiential and the second, if the object has a material or digital form. Firstly, if the object is functional the consumer does not associate any value to it (unless it is his property), experiential objects, on the contrary, have a deep derived value from consumption. Secondly, if the object has a digital form and can be accessed online, the consumer can share it easily, associating it with prosocial and collaborative consumption, while for material forms the object has not such associations. (Bardhi and Eckhardt, 2012)

Finally, political consumerism connects with the use of consumption to mirror ideological interests by the consumers, in other words, the consumer sees his consumption behavior has a reflection of his principles in society. This way the consumer use of access-based options, instead of owning the object, is seen as more sustainable, community engaging and also can relate to social spaces domination by association.

In summary, for Bardhi and Eckhardt, access-based consumption can differ according to each different dimension, affecting various levels of consumer-to-object and consumer-consumer relationships. (Bardhi and Eckhardt, 2012)

2. Technology and Innovation in Consumer Behavior

Consumer behavior has been a target field of research over the years and there are many theoretical approaches towards social psychology and its implications in Marketing solutions and the acceptance of digital services and e-commerce.

Starting by the Theory of Reasoned Acceptance (Fishbein & Ajzen, 1975) and after the Theory of Planned Behavior (Ajzen, 1985), it is possible to understand what is behind an actual behavior in society, along with the factors that can affect it directly.

Fishbein and Ajzen defend that the actual behavior is directly affected by the behavioral intention of the individual, and at the same time, the behavioral intention is affected by subjective norms and attitudes. These norms include normative beliefs – others' expectations of behavior towards the self, in the individual's perspective – and the motivation behind – in a way that it reflects the relevance of sticking to what the individual thinks others expect from his behavior.

On the other side of the equation, there are attitudes influencing the behavioral intention, these attitudes include the strength of belief and the evaluation made by the individual before behaving in a certain way. (Fishbein & Ajzen, 1975)

Later, Ajzen added another factor which can explain the human behavior and formulated the Theory of Planned Behavior. Following the work done before in the TRA (Theory of Reasoned Action), the behavioral intention can be explained, not only by the subjective norms and attitudes but also by the behavioral control. By behavioral control, Azjen means, the beliefs in the capabilities to accomplish a behavior, including facilities, skills and opportunities, as well as the level of control over the behavior, by how much is it controlled by the self. (Ajzen, 1985)

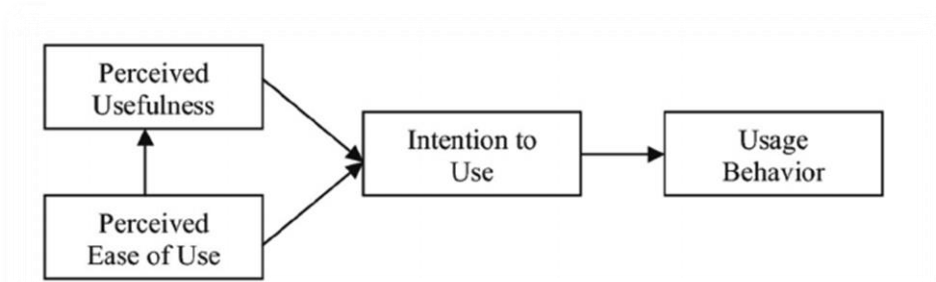
Both theories contributed to several researches and can be applied in various fields, in this case, the focus will be in the technological acceptance from the consumer side, following now the Technology Acceptance Model (Davis et al., 1989) and Unified Theory of Acceptance and Use of Technology by Venkatesh (2003), further the

Diffusion of Innovation (Rogers 2003) and finally the Digital Determinants of the Sharing Economy (Sundararajan, 2016).

Technology Acceptance Model follows TRA, by complying with the idea that the actual behavior is directly influenced by the behavioral intention, but on the other hand the factors affecting this intention are quite different from Fishbein & Ajzen theory.

Davis made the connection between the behavioral intention and the IT field, by defining perceived usefulness and perceived ease of use of a system, as determinants of an actual behavior. For the author, these two determinants are also correlated, since the perceived ease of use of a system also influences directly the perceived usefulness of that same system. (Davis et al., 1989)

Figure 1 - Technology Acceptance Model (Davis et al., 1989)



Source: Tella, A. and Olasina, G. (2014). *Predicting Users' Continuance Intention Toward E-payment System: An Extension of the Technology Acceptance Mode*. [online] ResearchGate. Available at: https://www.researchgate.net/publication/265905915_Predicting_Users'_Continuance_Intention_Toward_E-payment_System_An_Extension_of_the_Technology_Acceptance_Model [Accessed 4 Jan. 2018].

Based on Davis' Technology of Acceptance Model and Fishbein & Ajzen's Theory of Reasoned Action and Theory of Planned Behavior, Unified Theory of Acceptance and Use of Technology – UTAUT – aims to explain behavioral intention in the use of technology. The factors motivating the behavior and the use of technology come from different, previously analyzed, theories by Venkatesh. (Venkatesh et al., 2003)

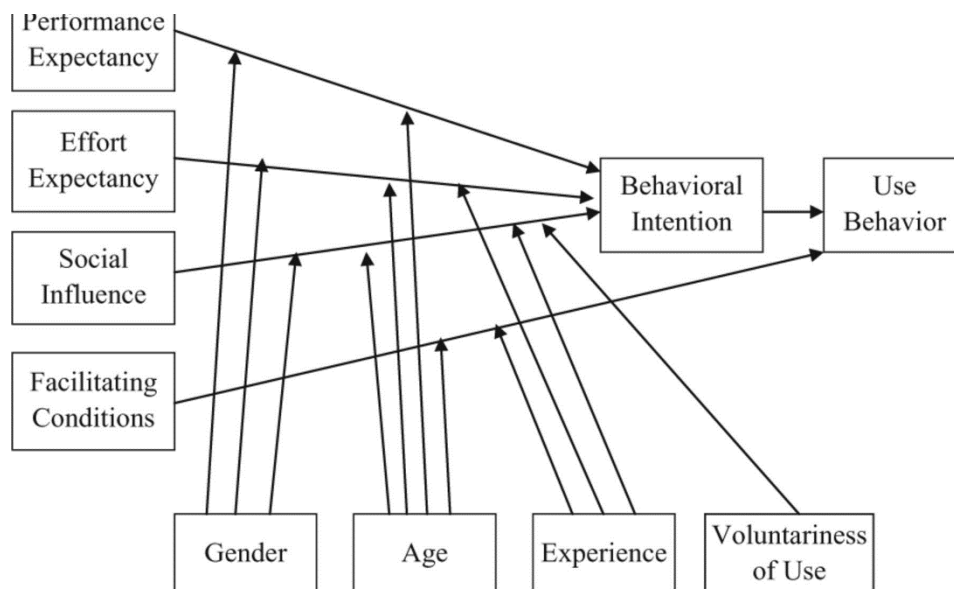
UTAUT is based in four elements, which constitute the core of the model: performance expectancy; effort expectancy; social influence and facilitating conditions.

Firstly, performance expectancy is defined by the belief the users have that the use of technology will help them perform better. Secondly, effort expectancy reflects the effort the individual thinks is needed to use a technology, also known as the ease of

use. Thirdly, social influence relates to the strength to which the individual believes it is important for others that he uses technology and the level of importance it reflects. Lastly, facilitating conditions constitute the perceived existence of the needed technical and organizational support facilities and structures to the use of technology. (Venkatesh et al., 2003)

In addition to these four main factors explaining the behavioral intention, Venkatesh matches four other variables, which relate each with the first ones, affecting the final behavior, the variables are: age, gender, experience and voluntariness of use. (Venkatesh et al., 2003)

Figure 2 - Unified Theory of Acceptance and Use of Technology (Venkatesh et al., 2003)



Source: Thong, J., Xu, X. and Venkatesh, V. (2016). *Unified Theory of Acceptance and Use of Technology: A Synthesis and the Road Ahead*. 17th ed. Hong Kong: Journal of the Association for Information Systems.

As illustrated in Figure 2, the variables affect the four main factors differently, not all influence every factor, some of them have a specific influence in the behavioral intention. Starting by the gender, it affects directly the performance expectancy, the effort expectancy and the social influence, in other words, men and women have different perceptions towards the gains and ease of use of technology and give different importance to what they think others expect from them. On the other hand, the age affects entirely the four factors, in a way that being younger or older changes perceptions in all levels. Nevertheless, experience affects directly the effort expectancy,

social influence and facilitating conditions, since the empirical knowledge can really change the perceptions as well. Finally, the voluntariness of use relates only with the social influence and contributes to the shape of a behavioral intention.

Comparing with TRA and TPB, the author excludes attitude as one of the factors, since, in his view, it does not add anything more relevant to the behavioral intention, since the performance expectancy and effort expectancy constitute a better replacement for the attitude as direct influencing factors.

In the same year (2003), the fifth edition of Everett M. Rogers theory was published, remounting to his first published book on Diffusion of Innovation Theory in 1962. Rogers explains the emergence and spread of innovations in society and how people communicate and react about something new, specially technology.

Since, this thesis includes a research about the changes in the consumer behavior towards the sharing economy, which concerns the growth of technology and innovations in the various markets, it is relevant to explain how society adopts and accepts innovations in the first place. (Rogers, 2003)

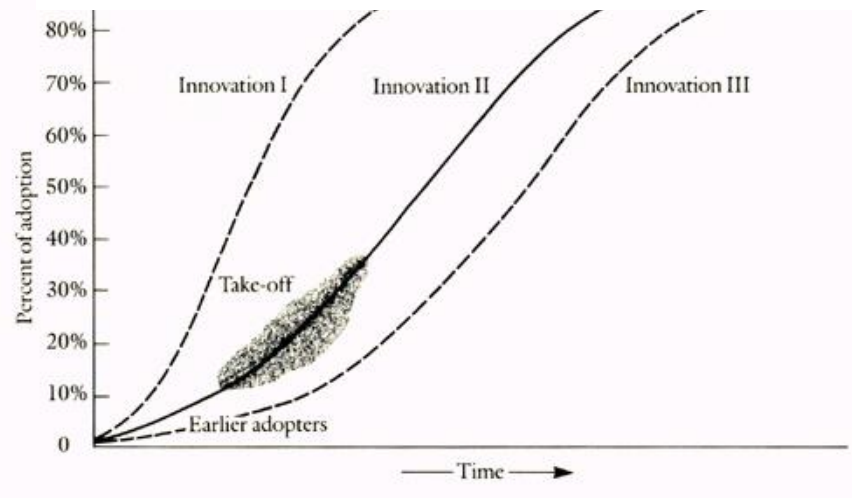
Rogers defined diffusion as the process of communication of a new idea, using different channels in a social structured society, in other words, the spread of a message, where the innovation is implied. This communication process is a two-way process of convergence between two or more individuals, where information exchange interactions have previous cycles, which justify the convergence itself.

Diffusion is just diffusion and not simple communication, because newness is involved as the key differentiation factor. Newness comes together with a level of uncertainty in the interaction, since it is something unknown in the beginning, making the process unique, where either the innovation is adopted or rejected a change will happen in the social functional system. (Rogers, 2003)

The diffusion process can be centralized or decentralized, in the first case, decisions concerning when and how to start spreading an innovation are made by experts and specific agents of diffusion. Whereas in the second case, such decisions are shared freely among clients, making early adopters the ambassadors of the new idea through horizontal networks. In this last case, early adopters' practical experience with the

innovation, becomes the base of the diffusion, rather than R&D expert activities as in the first case. (Rogers, 2003)

Figure 3 - Diffusion is the process (Rogers, 1962)



Source: Rogers, E. (2003). *Diffusion of Innovations*. 3rd ed. New York: The Free Press - A Division of Macmillan Publishing Co., Inc. Page: 12. Available at: <https://teddykw2.files.wordpress.com/2012/07/everett-m-rogers-diffusion-of-innovations.pdf> [Accessed 7 Jan. 2018].

Rogers defined four main elements of diffusion: innovation; channels of communication; time and social system. Each of these elements are crucial in the diffusion process and have specific relevance implied. (Rogers, 2003)

The first, innovation matters when is perceived as new and this perception depends on the lapse of time between its discovery or first use. Newness of an innovation can be explained in terms of knowledge, persuasion and decision to adopt by the individuals. Innovation can be used as a synonym of technology, for the author, technology is defined as “*technology is a design for instrumental action that reduces the uncertainty in the cause-effect relationships involved in achieving a desired outcome*”⁸

A technological innovation contains two types of information: software information and innovation-evaluation information. Software information is a tool to reduce uncertainty in cause-effect relations to accomplish the wanted outcome and, on the other hand, innovation-evaluation information is related to the evaluation of the reduction in uncertainty in the expected consequences. (Rogers, 2003)

⁸ Rogers, E. (2003). *Diffusion of Innovations*. 3rd ed. New York: The Free Press - A Division of Macmillan Publishing Co., Inc. Page: 12. Available at: <https://teddykw2.files.wordpress.com/2012/07/everett-m-rogers-diffusion-of-innovations.pdf> [Accessed 7 Jan. 2018].

For Rogers the adoption rate of an innovation depends on different characteristics: relative advantage; compatibility; complexity; trialability and observability.

- a. Relative advantage is the level of improvement embodied in the new idea in comparison to the one it precedes.
- b. Compatibility is the level of accordance of the innovation to past experiences, values and needs of the potential adopters.
- c. Complexity can be compared to the ease of use and understanding of the innovation. The more complex and difficult it is to understand, the slowly it will be adopted.
- d. Trialability reflects the possibility of having limited trial phases and when this possibility exists, the adoption occurs more quickly.
- e. Observability, measures how visible are the outcomes of an innovation to other members of society. In a social system, visibility can really affect the word-of-mouth power among social groups such as friends, family and communities. (Rogers, 2003)

This way innovation can affect directly the process of diffusion in a very concrete level, since it represents the actual new idea the agents are trying to communicate.

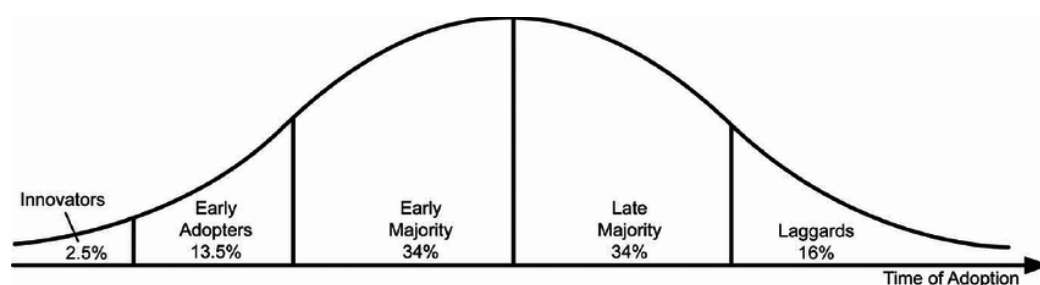
Secondly, the communication channels constitute another relevant element of diffusion, as they constitute the means to achieve the adopters. Communication channels make the connection between the message and the audience and can be mass media channels or interpersonal channels. Mass media channels such as television, radio or newspapers, can reach a wide range of recipients, but in the case of an innovation they are not considered very effective. Interpersonal channels, on the opposite, are considered as very effective in the spread of a new idea, since they imply face-to-face exchange of information and the adoption of an innovation depends mostly on peer's evaluation and subjective shared information from the adopter's practical experience.

Thirdly, time is another key element of diffusion and is present in three different stages of the process: the innovation-decision process; the relative time of adoption and the rate of adoption. The innovation-decision process is, basically, the time that passes from the first knowledge about the innovation and its actual adoption or

rejection. It is constituted by five phases: the knowledge, the persuasion, the decision, the implementation and finally the confirmation. (Rogers, 2003)

Nevertheless, the relative time of adoption reflects the innovativeness itself, in a way that earlier or later can determine if the innovation is still an innovation at the time or not. Inside innovativeness, Rogers defined five different adopter categories in which the adopters fit according to the time of adoption. The first ones are the innovators, second the early adopters, then early majority, followed by the late majority, and the last adopters are the laggards. As described in the figure bellow:

Figure 4- Diffusion of Innovation Curve (Rogers, 1962)



Source: Rogers, E. (2003). *Diffusion of Innovations*. 3rd ed. New Work: The Free Press - A Division of Macmillan Publishing Co., Inc. Page: 12. Available at: <https://teddykw2.files.wordpress.com/2012/07/everett-m-rogers-diffusion-of-innovations.pdf> [Accessed 7 Jan. 2018].

Lastly, the rate of adoption of an innovation takes into consideration the number of individuals who adopted it, in a given social system and time period.

Time is usually an ignored dimension in other kinds of communication processes, but in diffusion is very relevant to include it, since newness is what really defines the interaction.

Finally, the social system is the last element of diffusion, according to the author, it constitutes an engaged group of individuals, organizations or subsystems who contribute to solve joint problems within a common goal. The share of mutual needs and problems make the goals common, binding the system together, since everyone has a contribution to the system itself. The social system represents the line within the diffusion of an innovation happens and has different levels of affection in the process: social structure; the norms; the role of opinion leaders; the types of innovation-decisions and the consequences of innovation. (Rogers, 2003)

1. Social Structure

The social structure represents a shape of provisions which bring stability and regularity to the human behavior, by reducing the uncertainty and bringing a systematic predictable answer to its members.

The structure has two sides, the formal and the informal, and both contribute to the process of adoption or rejection of an innovation. The formal side is represented by the government power, with the legal system behind and the hierarchical status of the agents, inferring obedience from the members.

The informal side is represented by the interpersonal interactions which bind together similar groups of individuals – following the homophily principle – where individuals with common interests, needs and life perspectives tend to share more information and interact more frequently.

Communication strategies use segmentation of social system members to find more accurate targets and address their needs according to the homophilous groups they belong. As the author stated: *“The structure of a social system can facilitate or impede the diffusion of innovations in the system. The impact of the social structure on diffusion is of special interest to sociologists and social psychologists, and the way in which the communication structure of a system affects diffusion is a particularly interesting topic for communication scholars”*⁹.

The system can affect the diffusion process and the decision of adoption or rejection of an innovation, by taking the individual’s personal characteristics and the origin of the social system where the individual belongs. Formal and informal structures define the boundaries and the values followed by the individuals. (Rogers, 2003)

2. Norms

The norms are defined as established guided standard behaviors in a social system, they can come from old traditions, religions or cultural manners among human interactions. They constitute a guide of acceptable or even decent behaviors an individual should follow to be fully integrated in a social system. These norms can represent a

⁹ Rogers, E. (2003). *Diffusion of Innovations*. 3rd ed. New York: The Free Press - A Division of Macmillan Publishing Co., Inc. Page: 25. Available at: <https://teddykw2.files.wordpress.com/2012/07/everett-m-rogers-diffusion-of-innovations.pdf> [Accessed 7 Jan. 2018].

big obstacle to a diffusion process, if the innovation does not follow the acceptable manners for the system or constitute a big change or novelty to the established traditions. As exemplified by Rogers: *“In India, for example, sacred cows roam the countryside while millions of people are undernourished. Pork is not consumed by Moslems and Jews. Polished rice is eaten in most of Asia and the United States, even though whole rice is more nutritious.”*¹⁰

There are several levels of norms within different ranges: from nations, to religions, to local associations or even small organizations or neighborhoods and inside all of them the norms are recognized and can reflect resistance to new ideas and spread this rejection among the members. (Rogers, 2003)

3. Role of Opinion Leaders

Opinion leaders have a different role in the social system and for that they can affect the diffusion process using their social status. Opinion leadership is defined as the level to which an individual can affect others behavior and attitude towards something. It is related to an informal leader status in a social structure, usually someone others admire and follow, since they feel identified with him.

The opinion leader holds his position by his own individual competence, social accessibility and by respecting and engaging social norms. He reflects the system's structure, so if the system is open to changes and innovations, the opinion leader will project that openness in himself and help the diffusion by being innovative, although the opposite is also possible. The spread of a new idea can be done with the help of the opinion leader, but he can also spread a resistance to the change or a negative impression about the innovation and make the diffusion harder.

The opinion leader is defined as: *“more exposed to all forms of external communication, (2) are more cosmopolite, (3) have somewhat higher social status, and (4) are*

¹⁰ Rogers, E. (2003). *Diffusion of Innovations*. 3rd ed. New York: The Free Press - A Division of Macmillan Publishing Co., Inc. Page: 27. Available at: <https://teddykw2.files.wordpress.com/2012/07/everett-m-rogers-diffusion-of-innovations.pdf> [Accessed 7 Jan. 2018].

more innovative (although the exact degree of innovativeness depends, in part, on the system's norms''¹¹when compared to his followers.

To maintain his credibility an opinion leader has to be consistent with the system's norms and be selective about the agencies he represents and the ideas he follows, because the followers can easily discharge him of any influence if the trust is broken. (Rogers, 2003)

4. Types of Innovation-decisions

The innovation-decisions can be to adopt or reject the new idea and can have an individual, collective or authority character as key decision makers. There are four types of innovation-decisions: optional innovation-decisions, collective innovation-decisions, authority innovation-decisions and contingent innovation-decisions. (Rogers, 2003)

- a. Optional innovation-decisions are defined as individual and independent decisions, that concern only personal options and not the whole social system, although the individual's behavior is, always, influenced by the norms and social networks he belongs to. In this case the decision maker is stringently just the individual;
- b. Collective innovation-decisions involve all members of a social system and its made upon agreement of all individuals involved in the system. The members must act in conformity to the final collective decision towards the innovation;
- c. Authority innovation-decisions are made by a specific group of individuals, which have a hierarchical position with power, knowledge or expertise to decide for other members of the social system. All other members are obliged to pursue and implement the final decision, with absolutely no influence in the innovation-decision itself.
- d. Contingent innovation-decisions are characterized by decisions that can only be made when a previous innovation-decision was already made. For example, when the freedom to make an individual, optional decision is just given when the social system has already decided first. (Rogers, 2003)

¹¹ Rogers, E. (2003). *Diffusion of Innovations*. 3rd ed. New Work: The Free Press - A Division of Macmillan Publishing Co., Inc. Page: 28. Available at: <https://teddykw2.files.wordpress.com/2012/07/everett-m-rogers-diffusion-of-innovations.pdf> [Accessed 7 Jan. 2018].

Usually the optional innovation-decision is faster than the collective innovation-decision, since there is no need for a collective consensus, but the authority innovation-decision can be even faster than the others.

5. Consequences of Innovations

The consequences are the resulting outcomes from the adoption or rejection of an innovation and can happen in an individual level or social system level.

Rogers classified the consequences into three different categories: desirable vs undesirable – depending on the functionality of the innovation within the social system; direct vs. indirect – depending on the origin, if the consequences come directly from the implementation of an innovation or if it represents an indirect effect of this implementation, as a second event situation; anticipated vs. unanticipated – either if the consequences were predicted or not before the innovation's adoption, by the members of the social system.

The most favorable innovation's adoption situation happens when the consequences are desirable, direct and anticipated by all members of the social system, only this way the innovation can contribute fully to a better function and problem-solving improvement to the individuals in society. (Rogers, 2003)

2.1 Digital Determinants of the Sharing Economy

Arun Sundararajan followed Vasant Dhar in the definition of the digital determinants of the sharing economy. According to Dhar, the digital determinants are based in three fundamental distinct forces, which he believes also reflect the future of digital technologies society will face in the following years. (Sundararajan, 2016)

The first is the transformation of “*everything*” into information, more specifically, the representation of information in digital form. Here, Dhar enforces “A trading strategy today is a set of rules and algorithms that act on information”¹².

The second fundamental force is the increasing power of hardware, by enabling more data storage in smaller and smaller devices, making it very efficient and

¹² Sundararajan, Arun, 2016, *The Sharing Economy – The End of Employment and the Rise of Crowd-Based Capitalism*, page 53, The MIT Press – Massachusetts Institute of Technology, Cambridge

portable. For Dhar and Sundararajan, 1960's Gordon Moore's law – "*price-performance ratio of computers would halve every two years*"¹³ - applies very effectively in this case and mirrors the strength of hardware second force.

Lastly, the third fundamental force is related to the improvements in programmability, when transforming information into codes, which then generate complex software platforms. These codified systems can be updated, changed and improved any-time by the modular codification, which make them a powerful weapon for business strategies set up. (Sundararajan, 2016)

To conclude, Sundararajan heightened four major consequences of the shared, complex digital platforms that increase human virtual interaction: the exponential growth of consumption in the digital market; the transformation of material things into a digital format; the rise of the decentralized peer-to-peer transactions and the "*digitization of trust*". (Sundararajan, 2016)

2.1.1 Growth of Consumption in the Digital market

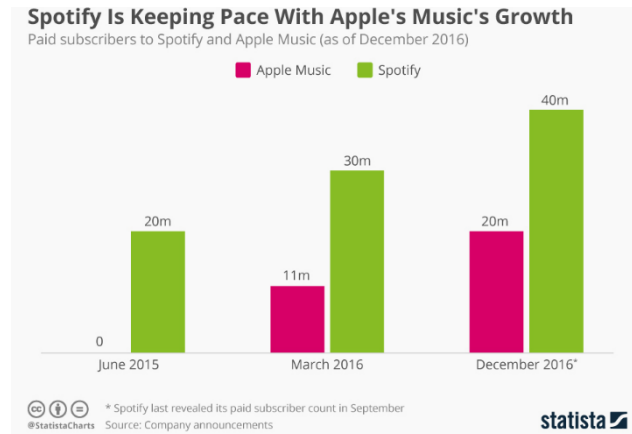
Comparing the early 1990's, when the digitization of documents and the use of computers in corporations started, with today, makes us realize the fast evolution in technologies and how the markets of IT products have changed.

Before, companies like IBM, Microsoft, Hewlett-Packard and Apple were targeting mostly businesses and companies as customers for IT solutions, without thinking on the personal and private needs of a single individual at home.

Today, the consumption of smartphones, tablets, digital platforms (especially social applications and daily-life posting platforms) like Facebook, Instagram and Tweeter, or sharing economy platforms like Airbnb, Uber and Craigslist, are all massively consumed by individuals and used in a daily-basis. This consumption can also be reflected in digital formats of information like music, video, movies, in platforms like iTunes, Netflix and Spotify. (Sundararajan, 2016)

¹³ Sundararajan, Arun, 2016, *The Sharing Economy – The End of Employment and the Rise of Crowd-Based Capitalism*, page 53, The MIT Press – Massachusetts Institute of Technology, Cambridge

Figure 5 - Paid Subscribers to Spotify and Apple Music (Dec. 2016)



Source: Richter, F. (2016). *Infographic: Apple Music and Spotify Grow in Lockstep*. [online] Statista Infographics. Available at: <https://www.statista.com/chart/8399/spotify-apple-music-paid-subscribers/> [Accessed 17 Apr. 2018].

2.1.2 Transformation of Material things into a Digital format

The transformation of material things into a digital format is explained by Sundararajan, as the – “Internet of Things” – which is the term he defines as the new era of digital objects – “*a world where objects of all kinds from milk cartons to household appliances to items of clothing have a little bit of embedded digital intelligence, and are part of the network.*”¹⁴

The technologies today allowed a better supply chain management and delivery monitorization, the capability to follow the delivery steps, the usage and the users of a physical object, make already an exponential increase in the e-commerce requests, as well as the peer-to-peer exchange networks.

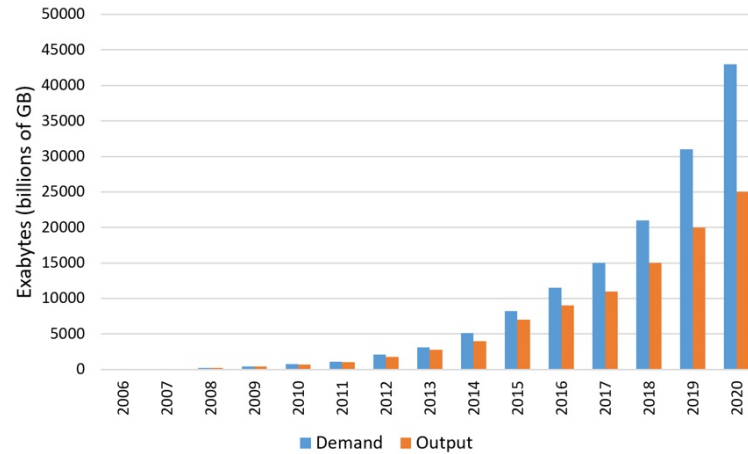
This way the costs of transportation are decreasing, the resources are more rentable, and the users have an online market anytime of the day available, where they can track every movement of the purchased or borrowed object.

Today, everything is digital information, money, objects, knowledge, music, private data, conversations, images, any kind of digital content back-up in files is available

¹⁴ Sundararajan, Arun, 2016, *The Sharing Economy – The End of Employment and the Rise of Crowd-Based Capitalism*, page 56, The MIT Press – Massachusetts Institute of Technology, Cambridge

online or in hardware storage and everything has a sale value in the network.
(Sundararajan, 2016)

Figure 6 - Storage Supply & Demand



Source: EETimes. (2016). *Digital Data Storage is Undergoing Mind-Boggling Growth*. [online] Available at: https://www.eetimes.com/author.asp?section_id=36&doc_id=1330462 [Accessed 5 Jan. 2018].

2.1.3 Digitization of trust

Nowadays trust has different timing and different related factors behind, in the sharing economy, peer-to-peer transactions between practically strangers is a strong example of this change. For Arun, the identification of good intentions and trust in future behavior of a person for a peer-to-peer exchange, is now related to: previous own trials on the sharing economy market; statements and feedbacks from others' experiences; brand certification and recognition; digital social capital and external entities' validation.

As Jason Tanz stated: *"The sharing economy has come on so quickly and powerfully that regulators and economists are still grappling to understand its impact. But one consequence is already clear: Many of these companies have us engaging in behaviors that would have seemed unthinkable as recently as five years ago. We are hopping into strangers' cars (Lyft, Sidecar, Uber), welcoming them into our spare rooms (Airbnb), dropping our dogs off at their houses (DogVacay, Rover), and eating food in their dining rooms (Feastly)."*¹⁵ (Tanz, J, 2018)

¹⁵ Tanz, J., Matsakis, L., Harris, M., Gregory, A., Johnson, S., Tufekci, Z. and Eubanks, V. (2018). *How Airbnb and Lyft Finally Got Americans to Trust Each Other*. WIRED. Available at: <https://www.wired.com/2014/04/trust-in-the-share-economy/> [Accessed 10 Jan. 2018].

2.2 Sharing Economy Market Sectors

For research purposes of the market analysis, the shape of the Collaborative Economy Honeycomb, by Jeremiah Owyang will be used, since it reveals an actual picture of new players in the sharing economy market and follows a previous evaluation of all businesses included in its composition.

2.2.1 Collaborative Economy HoneyComb

Jeremiah Owyang, the founder of Catalyst Companies, from Silicon Valley, created the Honeycomb to track growing industries which fit in an economic activity considered as collaborative, and so the ones whose business model would fit the sharing economy market.

The Honeycomb has been growing over the years, adding new categories of industry sectors which started to play in the sharing economy market and placing the right startups into the right category.

Owyang's research allowed an updated structure and market picture, by following the speed to which various brands react to the market and adding them to the correspondent industry or opening a new industry category within the latest Honeycomb version. (web-strategist.com, 2016)

The author called it Honeycomb as an analogy to the sharing economy concept:

*"The Collaborative economy enables people to get what they need from each other. Similarly, in nature, honeycombs are resilient structures that enable access, sharing and growth of resources among the group."*¹⁶ (web-strategist.com, 2016)

The creation of Honeycomb urged from an analyzing and categorization process within a vast portfolio of 460 startups, which were evaluated according to consistent criteria and resulted in 280 chosen startups to be part of the Honeycomb latest version – Honeycomb 3.0. A standard criterion was created for this evaluation, which included sharing economy market basic interaction, market relevance and size,

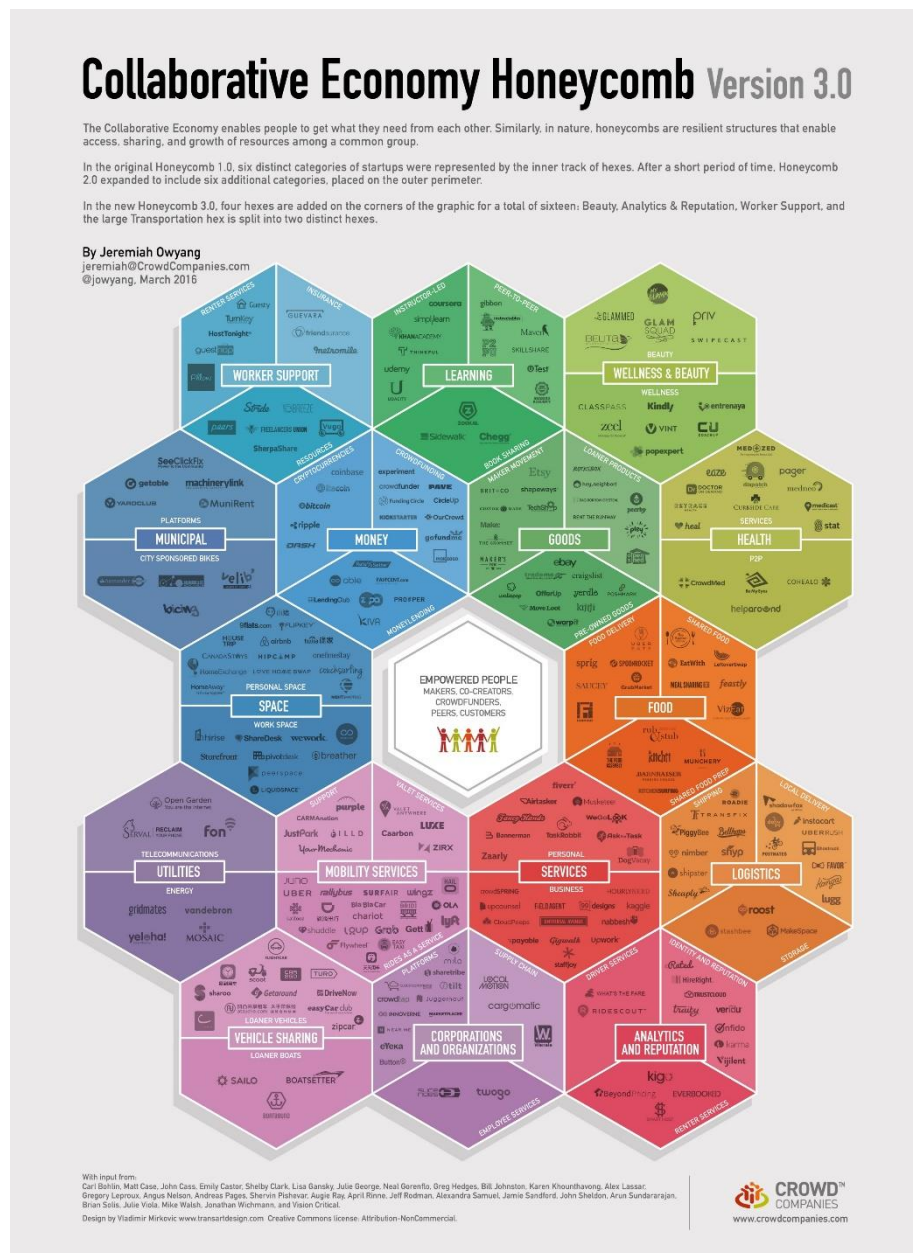
¹⁶ Web-strategist.com. (2018). Honeycomb 3.0: The Collaborative Economy Market Expansion | Web Strategy by Jeremiah Owyang | Digital Business. [online] Available at: <http://www.web-strategist.com/blog/2016/03/10/honeycomb-3-0-the-collaborative-economy-market-expansion-sxsw/> [Accessed 24 Mar. 2018].

function and main sector activity, location and customer interaction within also the use of technologies.

All versions were updated and improved from version to version, by excluding non-relevant startups and adding others, closing and opening new industry categories and following market tendencies of new entrants and competition growth.

Honeycomb 3.0, the latest version was updated in 2016 and already the growth of the sharing economy was evident, counting with sixteen different industry categories with different startups included in each market. Inside each category separate divisions are highlighted to make a proper picture of each service type provided by all businesses included. The picture below, reflects the innumerable opportunities that are created and still can be created within the crowd-based capitalism. (web-strategist.com, 2016)

Figure 7 - Honeycomb 3.0: The Collaborative Economy Market Expansion



Source: Web-strategist.com. (2018). Honeycomb 3.0: The Collaborative Economy Market Expansion

| Web Strategy by Jeremiah Owyang | Digital Business

As described in the picture above the Sharing Economy Market can be divided in sixteen industry sectors, each including thirty-eight sub-sectors and in total 280 startups inserted accordingly to each sub-sector:

- a. Analytics and Reputation – Driver Services, Renter Services and Identity and Reputation;
- b. Corporations and Organizations – Employee Services, Platforms and Supply Chain;
- c. Foods – Food Delivery, Shared Food and Shared Food Preparation;
- d. Goods – Loaner Products, Maker Movement, and Pre-Owned Goods;
- e. Health – Peer-to-Peer and Services;
- f. Learning – Book Sharing, Instructor-Led and Peer-to-Peer;
- g. Logistics – Local Delivery, Shipping and Storage;
- h. Mobility Services – Ride as Service, Support and Valet Services;
- i. Money – Crowdfunding, Cryptocurrencies and Moneylending;
- j. Services – Business and Personal;
- k. Space – Personal space and Work space;
- l. Utilities – Energy and Telecommunications;
- m. Vehicle Sharing – Loaner boats and Loaner vehicles;
- n. Wellness and Beauty – Beauty and Wellness;
- o. Worker Support – Insurance, Renter Services and Resources;
- p. Municipal – Platforms and City Sponsored Bikes.

All these sectors were added in a year by year evolution of the market, from Honeycomb 1.0 with only six categories, to Honeycomb 2.0 with twelve categories and finally Honeycomb 3.0 with sixteen categories. As the market tendency is to differentiate from competitors and find gaps in the market to find new targets' needs, it is expected that the growth of the Honeycomb continues to the diversity direction within sectors and sub-sectors. (web-strategist.com, 2018)

3. Airbnb – Company Overview

Airbnb was founded in 2008 by Brian Chesky, Joe Gebbia and Nathan Blecharczyk, the company's headquarters are situated in San Francisco, USA. The idea of an online vacation rental platform like Airbnb was created while the International Design Conference was held in San Francisco, and all the hotels and rental options were sold out and the remaining options were charging very high prices to the conference guests.

Brian and Joe, two of the founders of the actual company, were flat mates at the time and were struggling to pay their monthly rent, so they had the idea of renting the spare air beds they had in their living room and offer them to the guests of the conference. Together they offered air bed & breakfast in their apartment and shared the offer online, then so the Airbnb core idea was born, and the online vacation rental platform was created afterwards.

Today the offer is wide and very diversified, guests can choose from all types of accommodation: air beds, bedrooms, shared rooms, whole apartments, houses, pool houses, beach cottages, ski chalets, etc. The outstanding network of hosts enables Airbnb to provide a unique diversity of spaces and locations with different styles, sizes and types, never seen in the traditional hotel market.

Airbnb online platform enabled people who has a spare underutilized space, room, apartment or any other kind of accommodation, to connect with people who need accommodation in a certain location and preferences, and so a peer-to-peer accommodation service was created, moving the sharing economy accommodation sector to a higher level. (economist.com, 2018)

Through the platform, the guest can filter his preferences, location, dates and length of stay and search within a wide range of listings of hosts with unique places to sleep over a night, a week or more.

The hosts are connected to a review system and feedback comments, usually from previous guests, where the next possible guest can check previous experiences and feedbacks to help in his choice decision. This system enables trust and safety to both

guest and host, since the guest also has a review system associated, so the hosts know to whom they are offering their property to.

Airbnb business model is based on a free membership for guests and hosts, where the guests can explore all the listings available and sign up for free in the platform. Only once the guest makes a reservation, Airbnb charges a service fee to the guest from 5 to 15 %, according to the country and property. The option of cleaning fees and damage deposit is also available but is up to the host to decide to charge them.

The hosts can advertise their accommodation spaces for free and once a reservation payment is received from a guest, Airbnb charges 3% commission for service (this commission can always vary according to the country and cancellation policies of the host). (Airbnb.com, 2018)

The company has grown from a valuation of 10 billion US dollars in 2014 to 31 billion US dollars valuation in 2018. In 2017, Airbnb has reached 4 million listings worldwide and spread its market through 191 countries across the globe making the company achieve the second place in the highest valuations for start-ups in the USA.

Airbnb's main services include booking, mainly for accommodation but also experiences and restaurants are included, payment verification, reviews system and feedback comments, price and budget advising for hosts, assistance 24h every day to hosts and guests, networking among experienced and non-experienced hosts, insurance for property and liability and travel guides for the neighborhoods and cities. (Business Insider, 2017)

3.1 Airbnb Market Analysis

3.1.1 Vacation Rental Market

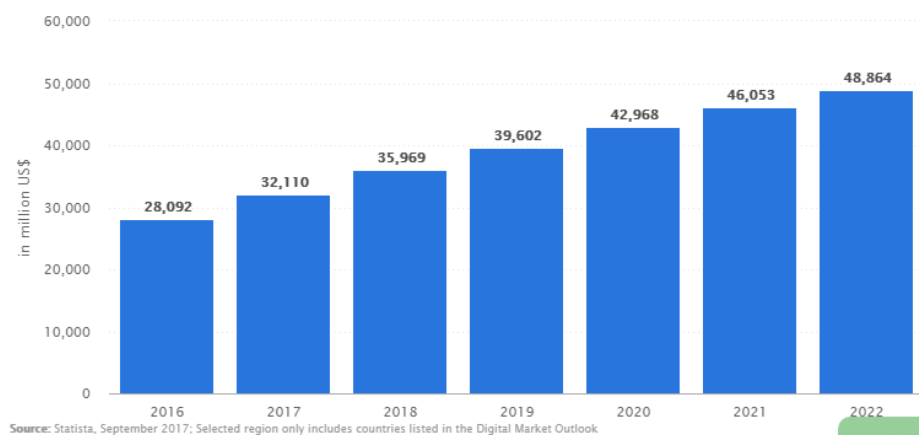
The vacation rental market, including all private holiday accommodation and short-term rentals of private apartments and rooms via online websites, counts worldwide with 35,969 million US dollars in revenue in 2018, following an expected annual growth rate of 8%. The user penetration in this market achieves 2,5% with an average revenue per user of 279,99 US dollars in 2018.

The main contributions to this revenue value come from the USA, which generates 17,949 million US dollars in revenue to the world vacation rental market, followed by Germany with 3,621.3 million US dollars, United Kingdom with 2,617.3 million US dollars, China with 2,008.8 million US dollars and finally France with 1,986.7 million US dollars in 2018.

The whole European market generates 12,373 million US dollars in revenue with an expected annual growth rate of 6.8%. The user penetration achieves 5,3% with and average revenue per user of 345,71 US dollars in 2018.

The graphic below (Figure 8) describes the future tendency of revenues worldwide for the vacation rental market, according to the expected annual growth rate of 8% stated above. (statista.com, 2018)

Figure 8 - Worldwide Revenue in the Vacation Rentals



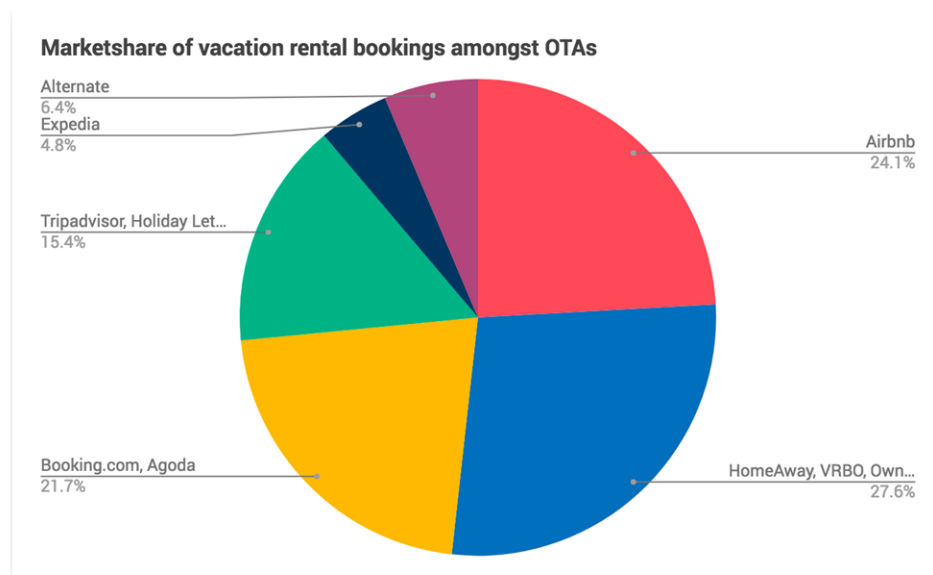
Source Statista. (2018). *Vacation Rentals - worldwide / Statista Market Forecast*. [online] Available at: <https://www-statista.com/outlook/268/100/vacation-rentals/worldwide#> [Accessed 17 Feb. 2018].

3.1.2 Airbnb Competitors

According to Airbnb provided services within the Vacation Rental market it is possible to outline direct and indirect competitors. The direct competitors include online accommodation booking platforms, which allow the rent by owner of private spaces, homes, apartments, rooms for short-term and holidays time. The indirect include traditional hotels and hostels.

The main direct competitors identified are the following: HomeAway and VRBO (Vacation Rental by Owner); Booking.com; Homestay; Flipkey (by TripAdvisor) and Couchsurfing. (airbnbreview.com, 2017)

Figure 9 - Market share of vacation bookings amongst Online Travel Agents



Source: Rentivo. (2018). The State of Online Distribution in the Vacation Rental Industry. [online] Available at: <https://www.rentivo.com/vacation-rental-ota-distribution/> [Accessed 25 Mar. 2018].

a. HomeAway and VRBO (Vacation Rental by Owner)

HomeAway offers a range of 1,000,000 vacation rentals of all types: from apartments, cottages, boats, bungalows, rural homes, etc. The company owns ten different vacation rentals platforms: HomeAway; VRBO; Vacationrentals.com; BedandBreakfast.com; Travelmob (Asian market); Homelidays and Abritel (French market); OwnersDirect (United Kingdom market); Stayz (Australian market); Bookabach (New Zealand market); FeWo-direkt (German market).

HomeAway offers a service where the interaction with the owners/hosts is limited, on opposite to Airbnb and outlines key attractive success factors, like price, tranquility while booking, privacy, comfort, space, security and safe payments for its customers and focuses especially on families, big groups of friends, people with pets and offers a wide range of non-urban accommodation spaces. (HomeAway.com, 2018)

When booking with HomeAway, an approximately 10% fee is charged to the guests and to the hosts, according to the country legislation. The customers have an instantly reservation option and several filters to help them find the best accommodation according to their needs: time range availability, location, type of accommodation, facilities, price range and n° of rooms and toilets. Upon reservation a security deposit is requested, usually the amount is defined by the proprietary and the guest can count with 100% deposit protection from HomeAway, in case of unfair deposit collection by the owner by the end of the stay. (HomeAway.com, 2018)

HomeAway offers also other useful safety tools to protect their customers: emergency booking in case of last minute booking cancellation, payment protection against fraudulent property advertising, phishing, refusal to undue entry and uninhabitable property conditions upon arrival. (HomeAway.com, 2018)

The online booking platform counts with a comments review system and rating scores to every posted accommodation option, which in 2017 counted with an overall score of 8.0/10 among 44 million visitors. (airbnbreview.com, 2017)

b. Booking.com

Booking.com is part of the Priceline Group, initially operated only with hotels booking options and recently joined the rent by owner and short-term rentals market, counting with 1 million listed properties and hotels and 108 million reviews, making it one of the biggest players within the booking platforms around the world. (airbnbreview.com, 2017)

First Booking.com was focused mostly in Europe, but now already operates across the United States and Asia-Pacific countries. Is globally recognized for its friendly user interface, cancellation policies and instantly booking option, which reflects a

considerable advantage to the customers which search for more flexibility in the booking services.

When using Booking.com, the guests do not interact directly with the hosts and are not charged any fee, which makes it a huge plus for both guests and owners, since it allows a direct fair market price. The hosts, on the other hand must pay a service fee to the Booking platform to post their properties. Once in the Booking.com platform, the user can search within a wide range of filters: budget preferences limitation, highly-rated must haves (accurate property details; nice view; good breakfast; good check-in process; very comfy beds, etc.), location score (excellent 9+; very good 8+; good 7+; pleasant 6+), fun things to do, star rating filter, free cancellation, property type, landmarks, bed preferences, facilities (general and room facilities), neighborhood and review score filter. The reviews and rating scores are displayed for all accommodation options and imbedded in the filters, so the users can limit their search within a score level. (Booking.com, 2018)

The platform also provides useful information regarding countries, cities, airports and places of interest to its users, counting with a Booking for business option, 24/7 assistance to guests and owners and special programs for owners, categorized as frequent, casual or professional. (Booking.com, 2018)

c. Homestay

Homestay has recently joined the market, in 2013 and focuses in rent by owner system, similarly to Airbnb, since the interaction with the hosts is present in every booking. Within a range of accommodation presented types, Homestay also offers shared rooms, bedrooms as couches, similarly to Couchsurfing. (Homestay.com, 2018)

Counts with over 50, 000 listings among 160 countries around the world, committed to providing an engaging local experience to its guests. The main key success factors associated with Homestay services are: host interaction, comfort “like home”, unique spaces, locals shared experience with guests and low-cost prices. (Homestay.com, 2018)

When booking in Homestay, the guest has a chance to use a video call and instant messaging tool to get to know the host and receive useful recommendations.

Homestay provides a “Forget the Guidebook” tool where the users can read previous guests’ experiences and stories and a “Happening Right now” tool, where the updated interactions within the platform are shown, such as reviews or hosts availability. The platform includes a review system and rating scores to help their guests choose the best accommodation and also various search filters: most popular; most reviewed; location; price range; neighborhoods; distance to center; meals provided; use of kitchen; host welcomed guests (males; females; couples; families and students), pets welcome option; hobbies (cooking; golf; tennis; cycling and hiking) and facilities. Another differentiation factor within this platform is the light breakfast included in all Homestay’s accommodations, so when the hosts set the prices, they must consider the value of this light breakfast and include it in all offers.

As other standard rental platforms, the guests must pay a fee to book an accommodation, but unlikely Airbnb the insurance is not provided to the hosts and the deposit is agreed between guest and host. (Homestay.com, 2018)

d. Flipkey (by TripAdvisor)

Flipkey is part of the TripAdvisor rentals group, which includes also four other online booking platforms: Niumba, Holiday Lettings, Vacation Home Rentals and House Trip. Flipkey was founded in 2007 and counts with 300,000 listed properties where it outlines space, privacy and accommodation amenities as the key advantages for its guests. The offer is diverse, once in the website, the customer can find different types of accommodation: apartments, studios, vans, boathouses, private rooms, penthouses and villas. In the search, a selection of filters is also possible from price range, n° of bedrooms in the space, amenities, rental type, suitability (smoking allowed and wheelchair accessible) and Flipkey popular filters (reviews, payment protection option, child friendly and pet friendly). (Flipkey.com, 2018)

Flipkey website includes a “Send to a friend” option, where the visitors can share rental options with their friends and recommend directly, allowing a more effective word of mouth among the users. The review system and rating scores are also included, like in other booking platforms, but TripAdvisor collaboration allowed Flipkey to differentiate with the option “Proximity with TripAdvisor’s top attractions” as a factor to help the decision when choosing a place to rent.

As inspiration and recommendations, the website provides a “Vacation Inspiration” segment with different options recommended: Weekends Getaways, Girls Trips, City Travel and Best Islands to visit, and three galleries with selected properties which fit special requisites: Best Kitchens, Coolest Pools and Beautiful Backyards. (Flipkey.com, 2018)

e. Couchsurfing

Founded in 2004 by a group of friends, counts now with members from 200,000 cities, 12 million members and hosted already 550,000 events for the Couchsurfing community. The core idea behind this online platform is to share experiences by hosting or staying in a stranger’s home for free, enabling a cultural exchange and the creation of new friendships.

The Couchsurfing identifies itself as a community and not a business, since it aims to connect travellers in a global network, transforming a travel into a social experience and friendly learning exchange without involving any money transaction among members. The community shares and represents five different values, which define the common goal: share your life; create connection; offer kindness; stay curious and leave it better than you found it. This way the message is clear to all new coming members and the engagement of the actual ones is easier, since people know what to expect and behave with mutual respect to all the members.

Once in the Couchsurfing website, three options are described: travel the world, re-discover your city with engaging events (languages exchanges, dance, classes, hikes and dinners) and become a host – “Give back and open your home to travellers.”¹⁷

When becoming a member, by creating a profile the user has access to free services from finding hosts, hosting a traveller and attend events, once the member completes all needed information in the profile he becomes a verified member, which enables him to send unlimited messages, ad free website and application and identity verification. In the user profile it is possible to set four different options with regards to the acceptance of guests at the moment, also the option “Wants to meet up” which

¹⁷ Couchsurfing.com. (2018). Meet and Stay with Locals All Over the World. [online] Available at: <https://www.couchsurfing.com/dashboard> [Accessed 30 Mar. 2018].

enables social gathering within the community and finally your planned trips history and upcoming guests (if the person is willing to host a traveller in the future).

Regarding safety, the website provides reviews and reference system, where the users can add friends as references, as well as a Safety Basics segment where all the recommendations concerning careful measures to take before travelling are described and the website truly incentivizes each traveller and host to report negative experiences as well. (Coushsurfing.com, 2018)

Main competitor

Airbnb is facing a growing market competition, whereas the main competitor is HomeAway who owns ten different vacation rentals platforms and offers different options to different countries. HomeAway is the most similar to Airbnb and counts with 27,6 % of market share while Airbnb counts with 24,1% market share.

3.2 Business Market

The fast grow of the industry of short-term rental booking platforms, has allowed to innovative trends in the market. The segment targeted is no longer just holiday travelers or adventurous city breaks, but business travelers are now in the focus of platforms like Airbnb and TripAdvisor rentals group.

The corporate level, is a big target and stands for stricter demands with regards to accommodation standards, the building of trust from the side of employers and business travelers is already growing but still needs to improve.

The relationship between the business travelers or employees and their travel managers is a key factor in the engagement of this target, since the expenses must be reported and the information about bookings must be shared with the employers. The accuracy of the service must be a standard and allow corporations to avoid over expenses mistakes and control travel budgets as efficiently as they do with hotels. (blog.g2crowd.com, 2017)

Airbnb's intention to secure business travelers trust is clear in the company's strategy. To find credibility in the corporate level and provide the best services to employees and employers, Airbnb partnered with Concur to create a travel and expense

management solution and accommodate corporate travel policies in the booking system.

Airbnb created the Airbnb Business Travel Ready program, which enables filters to unselect all offers that do not fit the work essentials: 24 hours check-in possibility; no shared spaces; fast and trustworthy internet connection and detectors for smoke and monoxide. Airbnb for Business provides a straightforward way to search for business travelers desired experiences, allows travel managers and colleagues to book accommodation for another employee and keeps a track of all bookings done through Airbnb to the corporate travel managers and budget travel controllers, by enabling an efficient exchange of information.

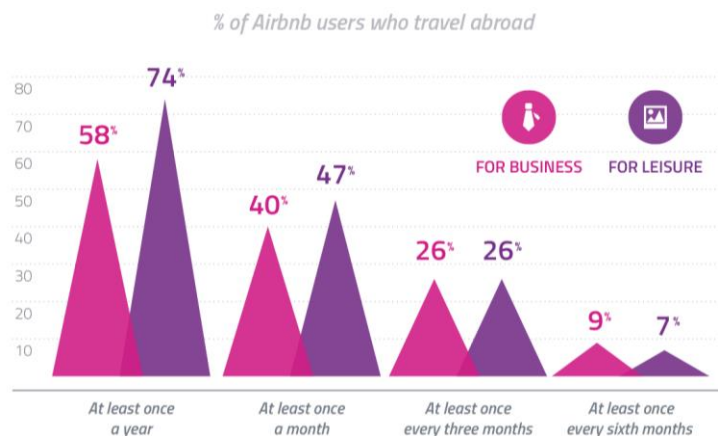
TripAdvisor has also showed the intention to compete in the business travelers segment, by acquiring Traxo – a product which enables travel managers to check in real time where the business traveler is and how he spends money over the trip. This tool shares all detailed information with travel managers and enables employees to book directly flights and accommodation with no need to access any corporate management travel tool.

TripAdvisor has now a powerful tool to attract the business target in the future and satisfy both sides, employee and employer, by joining the leisure segment of TripAdvisor and Traxo's direct corporate connection into a single system.

The corporate level has conditions to innovate, by combining leisure and business, giving a full experience to the business travelers, allowing them to make a complete trip with more independency and control over choices. As well as in the travel managers' side, the adaptation and acceptance of new systems for business travelling booking will allow a bigger visibility with aggregated information about the employees and more efficient expense management.

To make this innovation possible, tools like Instant Booking and Machine learning are essential parts of Airbnb and TripAdvisor's platforms, to enable security improvement, more accurate filters and recommended listings to the business demanding segment. (blog.g2crowd.com, 2017)

Figure 10 - Why Airbnb is Expanding its Business Travel Program - % of Airbnb Users who travel abroad for business and leisure



Source: Fenton, L. (2018). *Why Airbnb is Expanding its Business Travel Program - GlobalWebIndex Blog*. [online] GlobalWebIndex Blog. Available at: <https://blog.globalwebindex.com/trends/why-airbnb-is-expanding-its-business-travel-program/> [Accessed 17 Apr. 2018].

3.3 Airbnb Challenges

To face the fast grow of the company and adapt to an exponential number of users and listings in different countries, Airbnb software platform had to keep up with demanding challenges to make sure that all needed tools were provided to its users. The main challenges included global payment solutions, search and discovery engines, messaging and communication, trust and safety and user experience.

For the first challenge, global payment solutions, Airbnb holds a license of money transmitter, but to face thousands of transactions among 190 countries, considering different currencies involved, the company had to integrate with local payment providers and hold different currencies bank accounts.

For the second challenge, search and discovery engines, considering Airbnb's 1 million existing listings in the platform, the need to have a system which can handle relevance computation with several different attributes was a must for the company's

ability to provide proper recommended listings. Facing this challenge, Airbnb created a complex search algorithm which triggered location relevance, matched user's requests with corresponded available accommodation types, by considering previous guest experiences, quality of the ad, reservation process simplicity and guests' preferences.

For better discoveries, Airbnb created the segment WishList, where the user can save preferred accommodations and keep it in a list (like a favorites archive), then this way the user engagement between the user and the platform rises by 30%, rising the precision of future searches as well. Airbnb hired a specific team to deal with the discovery segment of the platform, who aims to match what the user wants to who the user is, by processing natural language in reviews, descriptions of listings and search to build a machine learning process which recommends the best places for a specific customer. To achieve this goal, the discovery team applies an open source software – Stanford Part of Speech Tagger – which creates machine learning algorithms and assigns characteristics to different locations and creates relationships between locations.

In addition to the software, Airbnb has a AirMapView, created with base in native map providers and connected with Google maps which also enables the segment – Airbnb Neighborhoods – to provide accurate locations and places to go. All these tools are connected to the standard filters mentioned previously, where the users define their own filtered search by date, location, number of guests, type of accommodation, price range, facilities, instant booking option, etc.

The third challenge, messaging and communication, is part of the essential contact between hosts and guests and Airbnb has tools to make communication as smooth and easy as possible, so the trust between users is not broken. To communicate with a host when a request is not answered within 24 hours, Airbnb gives the potential guest two options, either call the host directly or use the automatic contact tool, which sends a SMS message to the host, providing all needed information: identity of the guest, dates for reservation and agreed price. This ability to send direct messages to the hosts' phone, is a service provided by Twilio – a cloud communications enterprise for automatic communication, which connects websites and telephone

network, allowing the exchange of messages, calls from the application and direct phone calls between online and offline customers.

The fourth challenge, trust and safety, is one of the most crucial to the development of any sharing economy business. For Airbnb, the trust between future hosts and potential guests is the first determinant factor for a user to start using Airbnb in the first place or never try it at all. The identity validation through personal data verification in the platform, is the first step for creating a profile, but besides that Airbnb has measures to assure trust and safety among users and keep a reliable service for both sides (host and guest).

- The first is related to private messaging, before the booking is going forward, Airbnb deletes automatically all private messages exchanged between the two users. The messaging system is provided in the website and the controlled elimination of all messages, is a measure to assure that all transactions concerning payments happen within the platform and not outside via direct transfer between users. Only after the booking is concluded, the users can exchange contact details via messaging system again. This way the users are obliged to use the website tools to conclude payments for accommodation, reducing over-pricing and fraud cases among Airbnb users and keeping a reliable reputation for the company.

- The second measure is related to reviews and references, the website only allows reviews after the booking for a certain accommodation is finished, avoiding fake reviews and maintaining the reviews system reliable for future users. The references system from friends of hosts and guests, is also only allowed when the reference is requested in the first place from the user profile. The website is built with a request for reference imbedded as a requirement, so the trust in those references remains as a positive side of each user.

- As safety measures, the hosts' properties are covered with a host guarantee of 1 million US dollars coverage in case of any damages done by any guest from Airbnb. This guarantee made the decision of listing a property more comfortable for the hosts and raised the number of luxury properties listed in the platform, since the fear of any kind of vandalism was reduced. Also, as a safety measure, Airbnb requires that all listings include real and verified images. The host has the possibility to choose between taking his own pictures, which then are tagged as verified image in the

system, or to have a professional Airbnb photographer taking the pictures for him for free, maintaining a standard image quality and making sure that they reflect the reality inside each listed property for the guests.

Finally, to provide a pleasant and reliable user experience, Airbnb acquired a startup called Localmind – which gets feedback about places from local people who lives in the neighborhood and visits regularly those places – this way, segments like neighborhoods, local recommendations and guides within the website, will picture a closer look to the reality and provide reliable information to the guests. On the other hand, local places receive more visibility and advertising in the Airbnb platform. (yalantis.com, 2018)

3.3.1 Machine Learning system

As Airbnb grows, the number of users grow, as well as the number of listings in the platform, so to keep up with high demand and number of offers, Airbnb software computing capacity is divided between analytics and machine learning purposes and transaction processing purposes.

To face the challenge of a major diversity of users and properties, Airbnb has to use a greater computing capacity for analytics and machine learning than for transaction processing, only this way the user experience will be improved, and transaction speed will be faster.

The key is to find the right match between guest and host, by selecting the right places in the search and showing them first in the list when the user is searching for an accommodation in Airbnb. As Mike Curtis – Airbnb Vice President of Engineering – stated “Every traveler and every host is unique, and people have different preferences for what they want out of a travel experience. So, a lot of the work that we do in engineering is about how do we match the right people together for a real world, offline experience. It is part of everything we do. Part of it is machine learning, part of it is search ranking, part of it is fraud detection and getting bad people of the site and verifying people’s identity so they are who they say they are. Part of it is

about the user interface and how we get explicit signals about your preferences. A lot of the technology that we do is around creating great matches.”¹⁸

The solution to the perfect match challenge is the combination of search engines and machine learning, which follow host and guest previous searches and concluded transactions in the website and cover the preferences entrenched in each user profile.

This way the transactions will happen faster, the users will find directly what they are searching for in the first options and recommendations and the loading of the Airbnb system will be reduced. At the same time, the hosts and the guests will be more satisfied, rising the chances of re-using Airbnb to book accommodation in the future and possibly recommend the platform to friends and family.

Machine learning is also used to help the hosts set prices, recommending adequate prices regarding the location and property features and facilities, rising then the occupancy rates, as tested by Airbnb engineers. All hosts who followed the machine learning pricing, were four times more likely to receive a booking. (nextplatform.com, 2015)

¹⁸ Morgan, T. (2015). Airbnb Shares The Keys To Its Infrastructure. [online] The Next Platform. Available at: <https://www.nextplatform.com/2015/09/10/airbnb-shares-the-keys-to-its-infrastructure/> [Accessed 31 Mar. 2018].

4. Research Methodology

For the analysis of the consumer perspective in relation to Airbnb services and describe which factors motivate them to use it, a quantitative and qualitative primary research was conducted. The combination of both methods – mixed research – allowed a deeper understanding of consumer's insights from the qualitative side and a comparative and trend analysis from the quantitative side.

The use of mixed research for data collection method was structured with a larger sample for the quantitative research and a smaller sample for the personal interviews. Details and less objective reasonings were obtained from the qualitative research and more summarized and statistical data was collected through quantitative research. (Wiid & Diggins, 2010 p.84-93)

4.1 Quantitative Research

For the quantitative research, a structured survey was created, counting with ten different questions, each focusing on different consumer perceptions and opinions. The final main purpose of the survey was validating or invalidating the following hypothesis:

- Hypothesis 1 – The main factor which motivates consumers to choose Airbnb accommodation is the value for money; - validated if constitutes the most chosen factor by the respondents
- Hypothesis 2 – The main factor which demotivates consumers to choose Airbnb accommodation is the lack of trust in the hosts; - validated if constitutes the most chosen factor by the respondents
- Hypothesis 3 – Airbnb website is perceived as high-quality website by the users. - validated if constitutes the average perception evaluation of all respondents

The survey was created via SurveyMonkey survey building online tool and was shared online via Facebook, direct link and email, including a mobile friendly version and the standard computer version.

For academic data collection purposes, the anonymity of the respondents was reserved, and the average time spent to answer per user counted with three minutes for

the conclusion of the survey. The survey sample counted with the contribution of 152 respondents.

4.2 Survey Structure

<u>Question</u>	<u>Analysis focus</u>
Q1 - Age	Demographic indicator
Q2 - How often did you make online purchases in the last 3 months?	Online purchase behavior
Q3 - Where do you often book accommodation?	Vacation rental market channel choice
Q4 - Have you ever used Airbnb to book accommodation?	Airbnb usage
Q5 - If your answer was "Yes", please evaluate your experience with Airbnb.	Airbnb service performance
Q6 - If your answer was "No", please describe your reasons:	Airbnb non-usage motivations
Q7 - How do you use Airbnb?	Type of user
Q8 - Which of the following best describes your motivations to choose Airbnb?	Airbnb usage motivations
Q9 - How would you evaluate Airbnb's website?	Website quality perception
Q10 - Regarding the following sentences please express your opinion:	Consumer's opinion with regards to: Airbnb in Society Trust in hosts Airbnb brand image

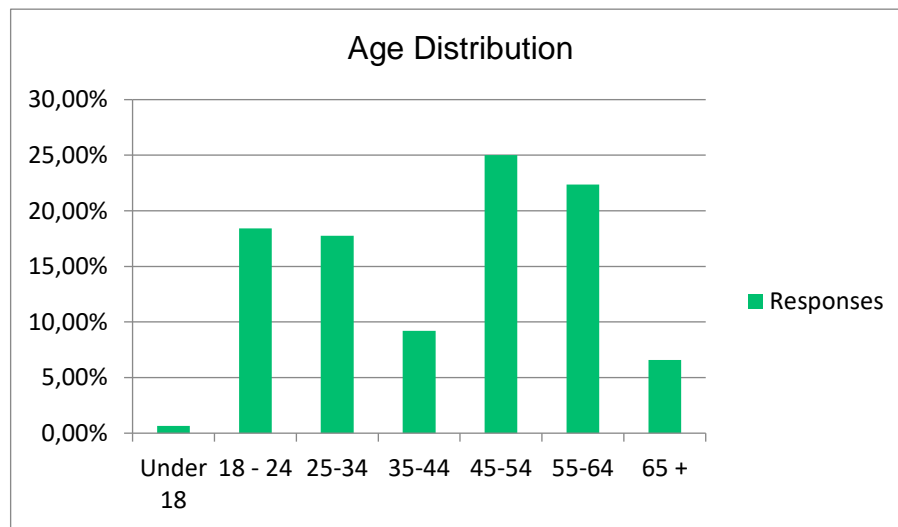
Table 1 - Survey Structure - Source: Author's creation

4.3 Survey – Data Conclusions

4.3.1 Sample Age Distribution

For demographic indicators, the only selected for this research analysis was the age, the gender and the nationality were disregarded I the focus of this research, since the scope was global and non-gender related.

The sample counted with 152 respondents with an age range between under 18 and more than 65 years old. The age distribution focused mostly in four age segments, 25% of the respondents within the 45-54 age segment, 22,37% within the 55-64 age segment, 18,42% within the 18-24 age segment and 17,76% within the 25-34 age segment. The diversity of ages among the sample allowed an analysis of different consumer perspectives, from a younger view to an older view of the market and Airbnb service.



Graphic 1 - Sample Age distribution - Source: Author's survey

4.3.2 Online purchase behavior

To analyze the frequency of online purchases and implicit potential as Airbnb consumers, the respondents were asked how often they made online purchases in the last three months. Almost half of the respondents (47,37%) made online purchases between 1-3 times in the last three months, 23,68% of the respondents 4-6 times,

16,45% did not shop online in the past three months and 12,5% made online purchases 7 or more times during the last three months.

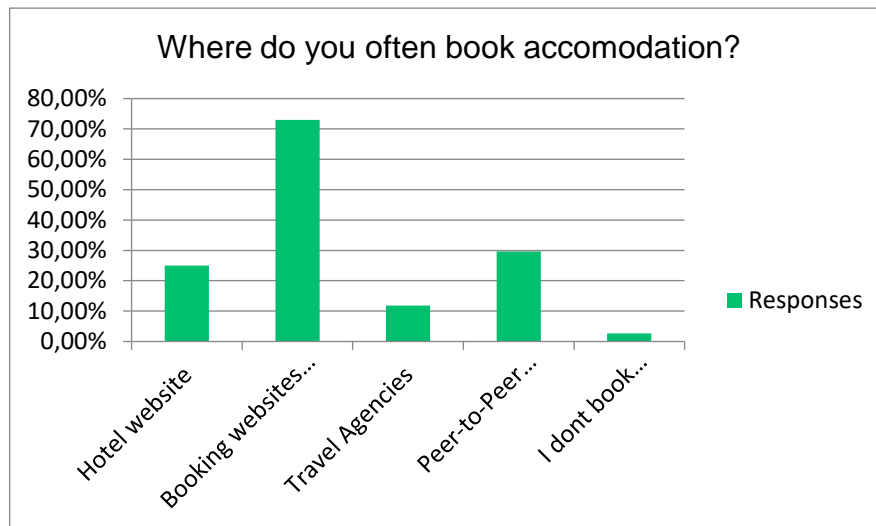
Within the sample 83,55% of the respondents purchased online at least once in the past three months, which makes them potential online accommodation bookers.



Graphic 2 - Online purchase behavior - Source: Author's survey

4.3.3 Vacation Rental market channels

When asked about the channels generally used to book accommodation, the survey showed that booking websites (Booking; Trivago; etc.) were the most chosen channels with 73,03% of the respondents. The second most used channels were peer-to-peer accommodation websites (Airbnb; HomeAway; etc.) with 29,61% of the respondents, thirdly the hotel websites with 25% of the respondents and 11,84% claimed to use travel agencies to book accommodation.



Graphic 3 - Vacation Rental market channels - Source: Author's survey

4.3.4 Airbnb

The respondents were asked if they ever used Airbnb to book accommodation and more than half, 61,84% of the respondents claimed to have used Airbnb services and 38,16% have never used.

a. Airbnb service performance

The respondents who have already used Airbnb service to book accommodation, were asked to evaluate their experience with a star ranking system from Bad to Great, where Bad is 1 and Great is 5. Most of the respondents, 38,41% ranked the service as Good – 4 points, 17,39% ranked as Great – 5 points, 8,7% ranked as OK – 3 points, 2,90% ranked as Bad – 1 point and the remaining 0,72% as Not So Bad – 2 points in the ranking.

Airbnb is evaluated as Good – 4 points, in a weighted average, for service performance.

b. Airbnb consumer non-adoption factors

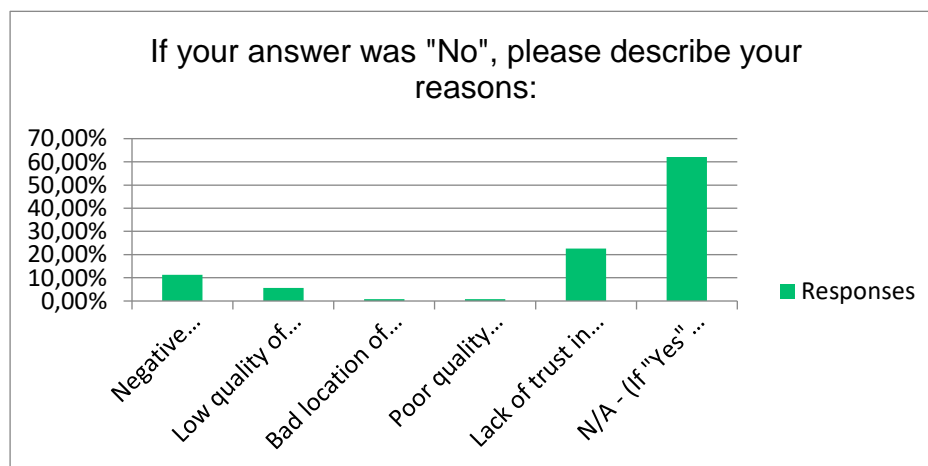
The respondents who never used Airbnb to book accommodation, were asked about the reasons for not using it, this way further improvements and non-success drivers of Airbnb can be disclosed for the research purpose.

The most claimed factor for non-adoption of Airbnb to book accommodation is the lack of trust in the hosts, counting with claims from 22,58% of the respondents, the second most relevant factor is the negative service perception, pointed by 11,29% of the respondents and the third factor is the low quality of the offered accommodation, claimed by 5,65% of the respondents.

- Age distribution

The lack of trust in the hosts was claimed by 22,58% of the total respondents, whereas the age segment who most contributed to this answer was 55-64 years old segment with 35%, followed by the 45-54 years old segment with 22% and the 35-44 years old segment with 16%.

The older segments are the ones who lack the trust with the hosts and find it a factor for non-adoption of Airbnb services.



Graphic 4 - Airbnb Consumer non-adoption factors - Source: Author's survey

c. Airbnb user type

In order to classify the respondents in types of users within the Airbnb platform and understand if their reasoning is also based in a host and guest experience, the respondents were asked to classify how they use Airbnb platform.

Within the sample, 49,32% of the respondents uses Airbnb just as a guest, 10,14% as just a host and only 7,43% as both guest and host. The remaining 33,11% are not Airbnb users.

d. Airbnb consumer adoption factors

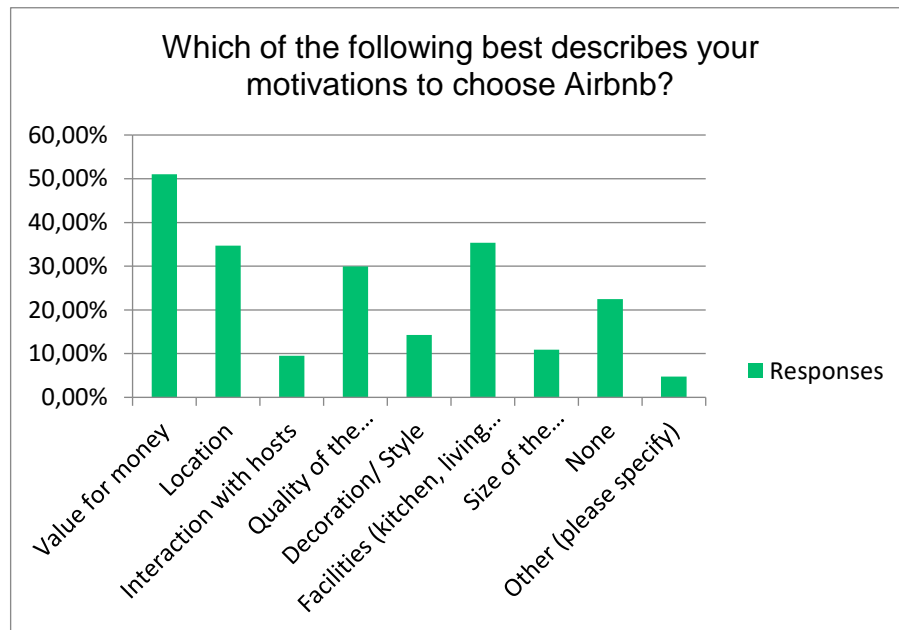
To understand the real motivations behind the use of Airbnb to book accommodation, the respondents were asked to choose from seven different factors or describe other (if none of the given options describes their motivation).

Among the respondents, 51,02% consider value for money/price as the main factor to use Airbnb, followed by the facilities/amenities of the accommodation supported by 35,37% of the respondents and the location options offered, supported by 34,69% of the respondents.

Following the main three factors above, the quality of the room/accommodation was supported by 29,93% of the respondents, the decoration/style by 14,29% of the respondents, the size of the accommodation by 10,88% and finally the interaction with the hosts supported by 9,58% of the respondents.

The remaining 22,45% claimed that none of the options suits their motivating factors, but only 4,76% specified other factors like length of stay and ease of use of Airbnb platform.

The main three consumer adoption factors confirmed by this research are: value for money/price, the facilities/amenities and the location of the accommodations listed in Airbnb.



Graphic 5 - Airbnb Consumer Adoption factors - Source: Author's survey

Age distribution

The most selected factor was value for money claimed by 51,02% of the total respondents, whereas the age segment who most contributed to this answer was 28-24 years old segment with 42%, followed by the 25-34 years old segment with 26% and the 35-44 years old segment with 12%.

The younger segments are the ones who mostly classify value for money as key important factor for adoption of Airbnb services.

e. Airbnb Website

To better understand how Airbnb users, perceive Airbnb's website, the respondents were asked to evaluate the website in a scale from 0 to 10, where 0 is Poor Quality and 10 is High Quality.

The average score evaluation obtained within the sample was 6 points, which classifies Airbnb's website as Medium Quality from the overall perception of the respondents.

b) Consumer's Opinion

The final question of the survey is composed by six different sentences, where the respondents must specify their opinion by using a Likert scale – Strongly Disagree to Strongly Agree – reflecting the attitude towards each sentence.

This question data conclusions will be divided in the next following six subsections.

I. Airbnb in Society

In this subsection of the analysis, the respondents were asked to demonstrate their attitude towards the following sentence:

“Airbnb helps society become more sustainable, by enabling the use of underutilized spaces for accommodation.”

More than a half of the respondents 53,57% claimed to agree with this view of Airbnb in Society, 20% were neutral, 10,71% disagreed, 10% strongly agreed and 5,71% strongly disagreed.

II. Airbnb vs. Hotels

In this subsection of the analysis, the respondents were asked to demonstrate their attitude towards the following sentence:

“Airbnb is not better than traditional hotels in any aspect.”

With regards to this sentence, 40,41% of the respondents adopted a neutral attitude, 25,71% disagreed, 18,57% agreed, 10% strongly disagreed and 5% strongly agreed.

III. Trust in hosts based on previous experiences

In this subsection of the analysis, the respondents were asked to demonstrate their attitude towards the following sentence:

“I trust in Airbnb hosts, because I had a good previous experience.”

Within the respondents, 41,13% agreed, 33,33% adopted a neutral position, 12,06% strongly agreed, 9,22% disagreed and 4,26% strongly disagreed.

IV. Trust in hosts based in WOM (word-of-mouth)

To understand the power of WOM (word-of-mouth), in this subsection of the analysis, the respondents were asked to demonstrate their attitude towards the following sentence:

“I trust in Airbnb hosts, because my friends/family recommended.”

Within the sample, 45% of the respondents agreed, 37,86% were neutral, 7,86% disagreed, 5% strongly agreed and 4,29% strongly disagreed.

V. Trust in hosts based on reviews system

To understand the relevance of reviews system for trust in hosts, the respondents were asked to demonstrate their attitude towards the following sentence:

“I trust in Airbnb hosts, by following good and bad reviews”

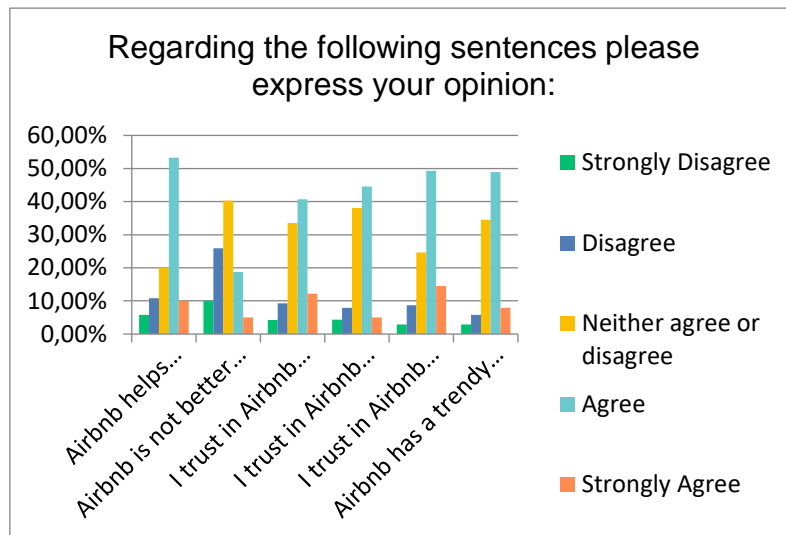
Among the respondents, 49,64% agreed, 24,46% neither agreed or disagreed, 14,39% strongly agreed, 8,63% disagreed and 2,88% strongly disagreed.

VI. Airbnb Brand image

To understand the consumer's perspective in relation to Airbnb brand image aspects, the respondents were asked to demonstrate their attitude towards the following sentence:

“Airbnb has a trendy brand image (logo, website design)”

Almost half of the respondents 49,29% agreed, 34,29% were neutral, 7,86% strongly agreed, 5,71% disagreed and 2,86% strongly disagreed.



Graphic 6 - Airbnb Consumer's Opinions, Likert Scale - Source: Author's survey

4.4 Hypothesis Validation/Invalidation

<u>Hypothesis</u>	<u>Validation</u>
Hypothesis 1 – The main factor which motivates consumers to choose Airbnb accommodation is the value for money;	<u>Validated</u>
Hypothesis 2 – The main factor which demotivates consumers to choose Airbnb accommodation is the lack of trust in the hosts;	<u>Validated</u>
Hypothesis 3 – Airbnb website is perceived as high-quality website by the users.	<u>Invalidated</u>

Table 2 - Hypothesis Validation - Source: Author's Table

4.5 Qualitative Research

For the qualitative research personal in-depth interviews were the chosen method for data collection with the main goal of obtaining a deeper insight about consumer adoption factors of Airbnb. In-depth interviews are more fluid and can catch spontaneity of the respondents, although the research subject must be previously prepared with a base script or main questions, making sure that all relevant issues are discussed, keeping the focus of the interview in a relaxed conversation. Using interviews as research method, allows the following advantages:

- Higher possibility of obtaining detailed information, due to time spent with the respondent;
- Focus on determined aspects and elaborate more on complex issues;
- Non-verbal communication expresses more than simple verbal communication;
- No social pressure, the presence of only one interviewer and one respondent, allows a more comfortable environment for the respondent;
- No group-thinking answers, individual feelings and sincere answers are easier to catch. (Wiid & Diggines, 2010 p.92)

In this research, the interviews were performed via Skype due to location of the respondents with a duration of 20mins each interview. The sample counted with five respondents and the whole content of the interview was recorded via voice recording tool with the consent of all respondents. The interviewer was the author of the research, in this case, who prepared a prior structured script of the interview, to assure an easier future data analysis.

4.6 Interview Structure

Interview purpose explanation	Academic Research Field Consent to voice-recording Anonymity assurance
Demographic Indicators - Profiling	Age Gender Profession
User potential	N° of days of holidays per year
Sharing Economy	Are you familiarized with the concept of Sharing Economy? If yes, please describe what it means for you in one sentence. Can you name any company which provide services within the sharing economy market? (If yes, please name the ones which, in your opinion, fit this market)
Holidays Accommodation – first memory places	When you think about accommodation for holidays, which places to stay come to your mind? (please name the first three options which come to your mind)
Airbnb	When you think about Airbnb which words come to your mind? (please name the first three) Have you stayed as a guest in Airbnb accommodation? How many nights have you stayed in an Airbnb accommodation (the longest stay)? In your opinion, the value for money for the whole stay in the Airbnb accommodation was fair? Which features/factors would you describe as more relevant in the decision of choosing Airbnb instead of other types of accommodation (hotels, hostels, etc)? (please name the ones which make a difference in your personal decision)
Airbnb Hosts	<ul style="list-style-type: none"> Does the relation with the hosts affect your choice? Did any host give you useful recommendations during your stay?
Airbnb Service Improvements	<ul style="list-style-type: none"> From the following options, please choose the ones which, in your opinion, would make a difference in the improvement of your stay as guest in Airbnb accommodation
Trust in peer-to-peer services	<ul style="list-style-type: none"> In your opinion, why do you think people trust in peer-to-peer services like Airbnb or Uber? (please describe at least one factor)
Airbnb website perception	<ul style="list-style-type: none"> After using Airbnb Website, would you consider it as an intuitive and well-designed website? If not, please explain why
Reviews and rating systems	<ul style="list-style-type: none"> When choosing an Airbnb accommodation, do you read previous reviews and check the hosts' rating score? Is it decisional for not choosing/choosing a certain accommodation?
Airbnb general perception	<ul style="list-style-type: none"> How would you describe Airbnb services in general?
Recommendations	<ul style="list-style-type: none"> If you could make a recommendation to change something in the Airbnb services, what would you recommend?
Closure & Goodbye	Thank the respondent for the contribution and time spent

Table 3 - Interview Script Structure - Source: Author's creation

4.7 Interviews – Data Conclusions

4.7.1 Sample Profiles

<u>Age</u>	<u>Gender</u>	<u>Profession</u>	<u>N° of days of holidays per year</u>
24	Male	Stock Supervisor	22
26	Female	Communication Specialist	25
27	Female	Physiotherapist	25
44	Female	Manager	26
58	Male	Touristic Operator	27

Table 4 - Sample Demographic Data - Source: Author's creation

4.7.2 Sharing Economy Concept

When asked about familiarity with the concept of sharing economy and capability to describe in their own words, four out of five respondents were familiar with the concept and were capable to describe it, but one of them had a different perception of the real meaning of sharing economy: *“A group of companies that work together and share some part of the funding or client's payments, or which give different services to the client which complement each other.”* – the respondent had a corporate cooperation view of sharing economy and was not aware of the real meaning of sharing economy.

One of the respondents was not capable to describe the concept but stated that the concept was familiar to him. From the three correct concept perceptions, some interesting insights were obtained: *“the way people found to not waste their resources, or in other circumstances, to potentialize what they have by sharing and exchanging.”* – the respondent outlined the sustainable side of the sharing economy and claims that the market creation came out of a need to potentialize resources.

The correct knowledge about the sharing economy concept was demonstrated by 60% of the respondents.

4.7.3 Sharing economy market players

When asked to mention some companies which operate in the sharing economy market, 100% of the respondents mentioned Airbnb as one of them, HomeAway was mentioned by 40% and Booking and Uber by 20% of the respondents.

The awareness of Airbnb as a sharing economy market player was top of mind in all respondents.

4.7.4 Holidays Accommodation – first memory places

To find out the holidays accommodation channels with greater awareness from the respondents, they were asked about the top three first memory places to stay for holidays. The respondents were fast and clear when answering this question, 80% of them mentioned Airbnb, 60% mentioned Hotels, 40% mentioned Hostels and Guest-houses and 20% mentioned Booking and HomeAway.

The answers revealed that Airbnb is leading the first memory places to stay for holidays within the respondent's sample.

4.7.5 Airbnb concept's association

When asked to mention which words come to their minds when thinking about Airbnb, the answers were diverse among the respondents and most of them seemed apprehensive about the question and took some time before answering.

Some of the interesting insights obtained within the answers:

- *“Airbnb reminds me of sharing and price”*
- *“Three words: comfort, home cooking, low cost”*
- *“Real homes, less expensive than hotels, good for sharing”*
- *“Airbnb for me is linked to finding cozy houses”*

From these four statements is possible to identify the sense of sharing, comfort, feeling like home and the value for money as key words which are associated to Airbnb.

All respondents showed positive and happy face expressions while thinking about the answer to this question.

4.7.6 Airbnb user and n° of night stays using Airbnb Accommodation

All respondents used Airbnb as guests only and the longest stay with Airbnb was for 40% of the respondents five nights, for 20% of the respondents eight nights, for other 20% four nights and for the last 20% three nights as longest stay in Airbnb accommodation.

The average longest stays in Airbnb accommodation within the respondent's sample is five nights.

4.7.7 Value for money for staying in Airbnb accommodation is fair

All respondents agreed that the value for money for their stays in Airbnb was fair and one of the respondents stated: *"It was always fair, otherwise I would not choose it in the first place"* – the respondent enhanced the need for a fair price as a decisive factor to choose Airbnb.

4.7.8 Decisive factors to choose Airbnb instead of other types of accommodation

When asked about the factors which they would consider as more relevant to choose Airbnb instead of other types of accommodation like hotels or hostels, the respondents were very assertive and fast when answering this question. The most significant factors for the five respondents were described in the following expressions:

- *"Price, location, feels more like home, atmosphere, personality"*
- *"The possibility to use kitchen and cook my own meals"*
- *"Location, apartment amenities apartment size and decoration"*
- *"The lower prices, the decoration, the possibility of housing several people"*
- *"Privacy, space, place to cook, relax"*

The most decisive factors for the respondents were facilities/amenities and space/size of the accommodation, 60% of the respondents mentioned these two factors, 40% of them mentioned price, location, decoration and comfort (*"relax"; "feels more like home"*) and only 20% mentioned privacy as one of the factors.

The most relevant factors to choose Airbnb accommodation instead of other types of accommodation are space and facilities.

4.7.9 Relationship with Airbnb hosts

The respondents were asked if either the relationship with the Airbnb hosts affect their choice to stay with Airbnb or not and the answers revealed that for 40% of the respondents this relationship does not affect their choice. Oppositely, for 60% of the respondents the relationship with the host does affect their choice of staying with Airbnb.

When asked if any host gave useful recommendations during their stay, the answers were all positive, 100% of the respondents answered yes.

The relationship with Airbnb hosts affects 60% of the decisions to stay with Airbnb, although 100% of the respondents recognized that the hosts gave useful recommendations during their stay.

4.7.10 Airbnb Service Improvements

With the main purpose of testing ideas for improvements in Airbnb service, the respondents were asked to consider six different extras to the regular service and decide which would make a difference in the improvement of their stay with Airbnb accommodation. The six different extras were:

- a. Breakfast included;
- b. Tickets to local attractions;
- c. Vouchers to nearby shops/cafes/restaurants;
- d. Local transportation tickets/pass;
- e. Private transportation;
- f. Sightseeing tours;

Within the respondents, 60% defended that breakfast included and local transportation tickets/pass would improve their stay with Airbnb, 40% of the respondents considered vouchers for nearby shops/cafes/restaurants as a good improvement in their stay, 20% referred private transportation as an improvement and 100% claimed that tickets to local attractions and sightseeing tours were not interesting extras for improvement of their stay with Airbnb accommodation.

The most relevant extras for Airbnb services are breakfast included and local transportation tickets/pass for the guests.

4.7.11 Trust in peer-to-peer services

When asked about the reason why people trust peer-to-peer services, the respondents were direct and expressed relevant points:

- *“Rating system”*
- *“I think that is related with the payment policy that exists in those services. It gives you safety feeling and, in other hand, nowadays people use to trust on each other instead of trusting on brands. That's why reviews have so much impact. That's my opinion.”*
- *“They are available 24h, the good management of services and problems”*

The respondents outlined the rating scores, review system, payment policies, 24/7 assistance, good service management and enhanced the existence of more trust among people than between people and brands as the main reason for trust in peer-to-peer services.

4.7.12 Airbnb Website perception

In this question the respondents were asked if they would consider Airbnb website an intuitive and well-designed website, 80% of the respondents answered, without hesitations, yes, they think the website is intuitive and well-designed and 20% claimed that the design still needs to improve.

4.7.13 Reviews and rating systems

When asked if they read the reviews and check the hosts' rating score when choosing an accommodation in Airbnb, 100% of the respondents confirmed to read the reviews and check the rating scores. Then when asked if the reviews and the rating scores are decisive for the choice of the accommodation in Airbnb, only 80% confirmed that is it decisive, 20% claimed that is not decisive factor for the choice of accommodation.

The reviews and rating score systems are decisive factor for the choice of an Airbnb accommodation for 80% of the respondents, although 100% reads and checks them.

4.7.14 Airbnb General perception

The respondents were asked to describe Airbnb service in general perspective, in one sentence, and the following insights were obtained:

“Good price-quality accommodation which makes you feel like home no matter where you are.”

- *“When it appeared, for me, it was an incredible innovation. Now as a service, I think it's easy to use and a chance to enjoy high quality accommodation.”*
- *“Good, safe, reliable.”*
- *“They are trustful and they allow to feel like we're staying in a real home.”*

Airbnb is perceived as good price-quality relation accommodation, as an innovation, as safe, as reliable and the service provided gives the feeling of being at home to its guests.

4.7.15 Final Recommendations

Finally, the respondents were asked to recommend changes or improvements for Airbnb, and the only recommendation relied on the improvement of the website design.

5. Conclusion & Implications

5.1 Managerial Implications

As Airbnb constitutes the chosen real business case of an active player in the sharing economy, the main managerial implications of this thesis stand for the sharing economy market, more specifically, the consumer behavior towards Airbnb services.

Firstly, the competition analysis revealed a strong need to keep up with the activity of HomeAway, since it was considered the main direct competitor as its market share is still higher than Airbnb's and the number of listings is also superior to the offered in Airbnb.

Secondly, a quantitative and qualitative research was conducted and the main factors of adoption of Airbnb services were exposed, as well as overall consumer perceptions about the company and direct feedback.

From the quantitative research, the main findings which require managerial changes or good managerial practices continuation from Airbnb side are the following:

- The importance of keeping-up with competition of older established booking websites, since in the vacation rental market they are still the number one most used channel to book accommodation and peer-to-peer accommodation websites like Airbnb occupy the second position;
- Improve the service performance perception from Good to Very Good in consumers evaluation;
- Maintain older segments informed about safety measures applied by the company and provide better strategies to help this segment overcome the lack of trust in hosts, since this factor is the main non-adoption factor of Airbnb accommodation;
- Improve website design quality to reach higher quality perception from the users;
- Maintain core idea that Airbnb helps society become more sustainable, by enhancing the company's strong points on resource sustainability;
- Compete directly with traditional hotels features, by adding extras like breakfast included and premium listings selection in the Airbnb website;

- Incentivize updated reviews and word-of-mouth marketing strategy, since those constitute the main factors for trust in hosts, followed by referrals from family and friends and previous experiences with Airbnb;
- Maintain consistent brand identity, keeping it actual and trendy in all corporation identity materials and platforms;

From the qualitative research, the main key findings which represent relevant insights for Airbnb management are the following:

- In terms of awareness, Airbnb is very well positioned, since it was top of mind awareness for sharing economy players identification and for places to stay for holidays mentions from the respondents;
- Maintain the consumer experience complete, by delivering sense of sharing, comfort, feeling like home sensation and fair value for money to its customers;
- Pricing strategy with hosts should follow present figures, as soon as all respondents classify Airbnb's value for money fair in relation to their stay in an Airbnb accommodation;
- The most decisive factors to choose Airbnb, in the qualitative research, were space/size of the accommodation and the facilities/ amenities included. Airbnb should follow its consumers' desires and enhance bigger size properties with facilities available to use and combine it in a collection of listings as integrated recommendation for groups of friends or big families;
- Incentivize hosts positive interaction with guests, by giving useful recommendations and helping with local specifications;

To compete in the innovative accommodation sharing economy market and with the traditional vacation rental market, Airbnb can really benefit from better understandings of consumer behavior in this fast-changing market.

The thesis combined the mixed research to reach its main goal of fulfilling the gap in consumer behavior in the sharing economy findings and provide relevant managerial implications to the chosen company case – Airbnb.

5.2 Conclusion

With the intention of addressing the evolving sharing economy consumer behavior, the main goal of this thesis was to find the main consumer adoption factors of Airbnb, by following and explaining the accommodation sector of the sharing economy and exploring consumers' preferences.

The structure of this study includes five main chapters: the first covers the concept definition; the second focuses on the theoretical background of Technology and Innovation in consumer behavior; the third includes the real business case of Airbnb and its market competition analysis and challenges; the fourth covers primary research, through quantitative and qualitative researches data conclusions; finally, the last chapter, covers the managerial implications for Airbnb as a company.

In the first chapter, not only the concept of sharing economy was defined, but also the concepts of collaborative consumption and access-based consumption, which some authors use interchangeably since they constitute a base version of the sharing economy and remount to different authors' perspectives.

Sharing economy is, finally, defined as: *"the value in taking underutilized assets and making them accessible online to a community, leading to a reduced need for ownership of those assets."*¹⁹ (Stephany, 2015)

In the second chapter, technology and innovation in consumer behavior theoretical background was covered, starting by explaining the Theory of Reasoned Acceptance, then the Theory of Planned Behavior, further the Unified Theory of Acceptance and Use of Technology, then lastly, the Theory of Diffusion of Innovations. Moreover, as conclusion of the second chapter, the digital determinants of the sharing economy were explained, as well as the main sharing economy market sectors.

In the third chapter, the practical side of the thesis was applied to the Airbnb case. Airbnb is operating in the peer-to-peer accommodation sector, competing in the vacation rental market and short-term rentals. The main competitor in the peer-to-peer accommodation side is HomeAway, which has the most similar business model as Airbnb and has a bigger market share, offering similar experience to its customers with a wider range of listed properties than Airbnb.

¹⁹ Stephany, Alex, 2015, *The Business of Sharing*.

The main new trend, in the accommodation market is the segment of business travelers, which Airbnb and TripAdvisor are targeting and competing to reach for future target segment expansion.

Lastly, in the third chapter, the main challenges Airbnb improves daily were described and include mainly: global payment solutions, search and discovery engines, messaging and communication, trust and safety and user experience.

In the fourth chapter, primary data was disclosed, including a quantitative and qualitative research to understand direct consumers' perspectives. Through the quantitative research, three hypothesis validation/invalidation was concluded, where **Hypothesis 1** – The main factor which motivates consumers to choose Airbnb accommodation is the value for money – was validated, as well as **Hypothesis 2** – The main factor which demotivates consumers to choose Airbnb accommodation is the lack of trust in the hosts. On the other hand, **Hypothesis 3** – Airbnb website is perceived as high-quality website by the users – was invalidated, showing a need for further improvements in the Airbnb website quality and reflect those improvements in the consumers' perception.

The qualitative research contributed mainly for deeper insights from the interviewees, described previously in the fifth chapter as managerial implications for Airbnb.

To conclude, Airbnb main consumer adoption factors include: value for money/price, facilities/amenities, size and location of the listed properties by Airbnb hosts. Airbnb is evaluated with a good perception by most consumers, within the used samples for this thesis research, but should pursue its efforts to overcome the lack of trust in the hosts, since it is the main consumer non-adoption factor of Airbnb services.

As final recommendations, Airbnb should improve website design and intuitiveness, as well as considering extras like breakfast included and local transportation tickets for its guests, by incentivizing the hosts in this direction and make possible the inclusion these extras in their accommodation offers.

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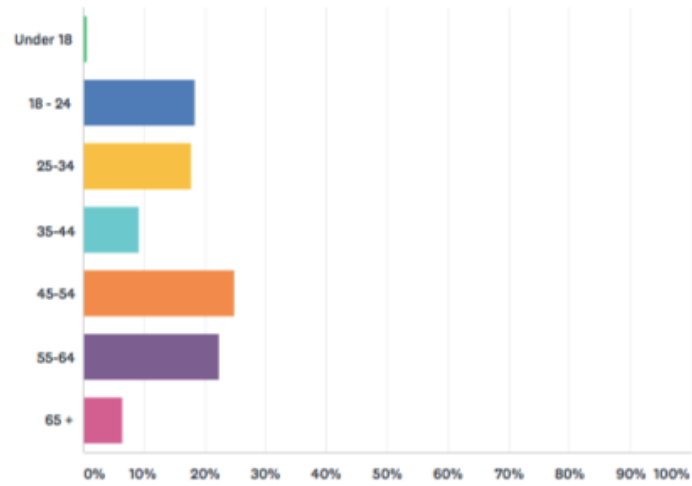
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7. Annexes

7.1 Survey Answers

Q1 Age

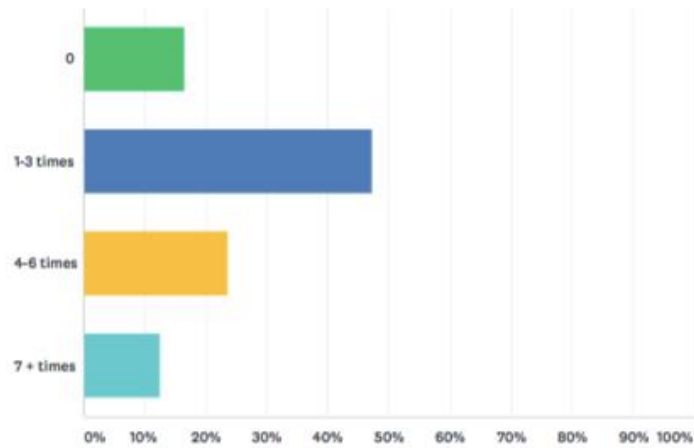
Answered: 152 Skipped: 0



ANSWER CHOICES	RESPONSES	
Under 18	0.66%	1
18 - 24	18.42%	28
25-34	17.76%	27
35-44	9.21%	14
45-54	25.00%	38
55-64	22.37%	34
65 +	6.58%	10
TOTAL		152

Q2 How often did you make online purchases in the last 3 months?

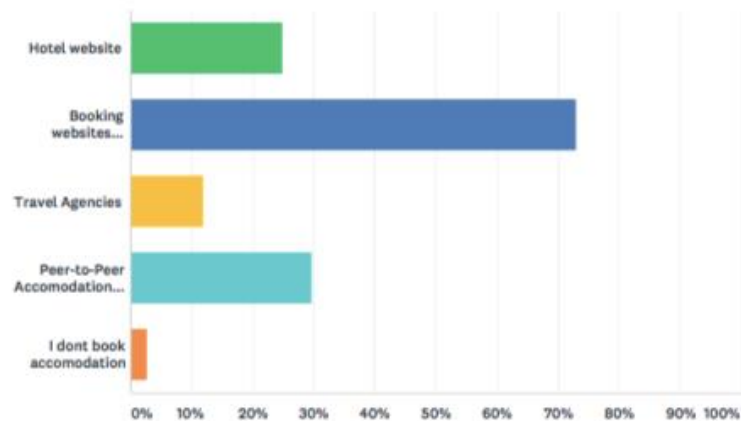
Answered: 152 Skipped: 0



ANSWER CHOICES	RESPONSES	
0	16.45%	25
1-3 times	47.37%	72
4-6 times	23.68%	36
7 + times	12.50%	19
TOTAL		152

Q3 Where do you often book accomodation?

Answered: 152 Skipped: 0

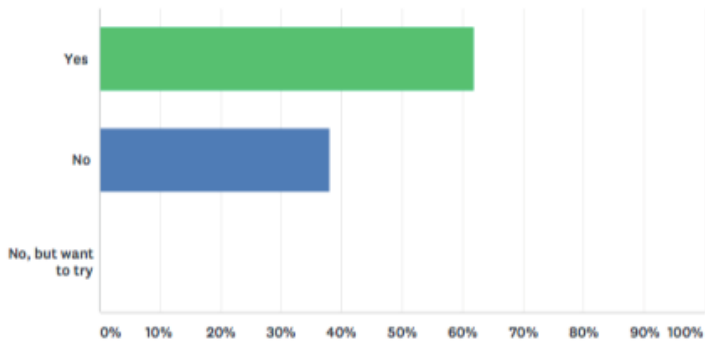


ANSWER CHOICES	RESPONSES	
Hotel website	25.00%	38
Booking websites (Booking; Trivago, etc)	73.03%	111
Travel Agencies	11.84%	18
Peer-to-Peer Accomodation websites (Airbnb, HomeAway)	29.61%	45
I dont book accomodation	2.63%	4
Total Respondents: 152		

Résumé

Q4 Have you ever used Airbnb to book accomodation?

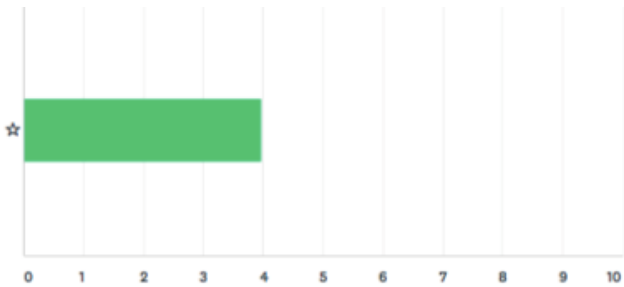
Answered: 152 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	61.84%	94
No	38.16%	58
No, but want to try	0.00%	0
TOTAL		152

Q5 If your answer was "Yes", please evaluate your experience with Airbnb

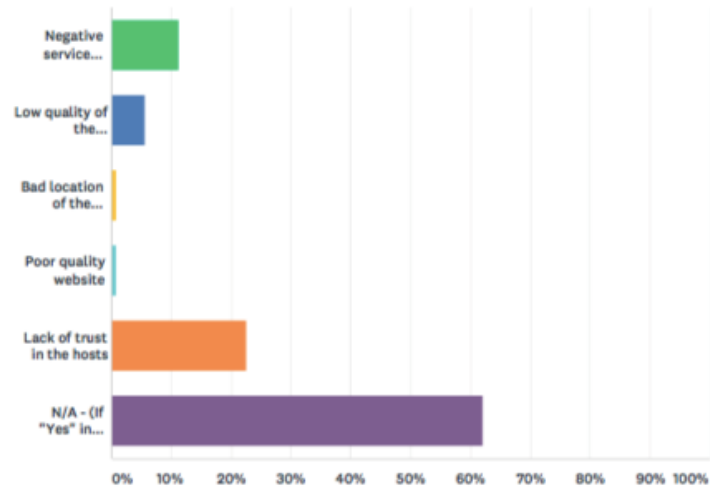
Answered: 138 Skipped: 14



	BAD	NOT SO BAD	OK	GOOD	GREAT	N/A - (IF "NO" IN PREVIOUS QUESTION)	TOTAL	WEIGHTED AVERAGE
☆	2.90%	0.72%	8.70%	38.41%	17.39%		31.88%	
	4	1	12	53	24		44	138
								3.98

Q6 If your answer was "No", please describe your reasons:

Answered: 124 Skipped: 28



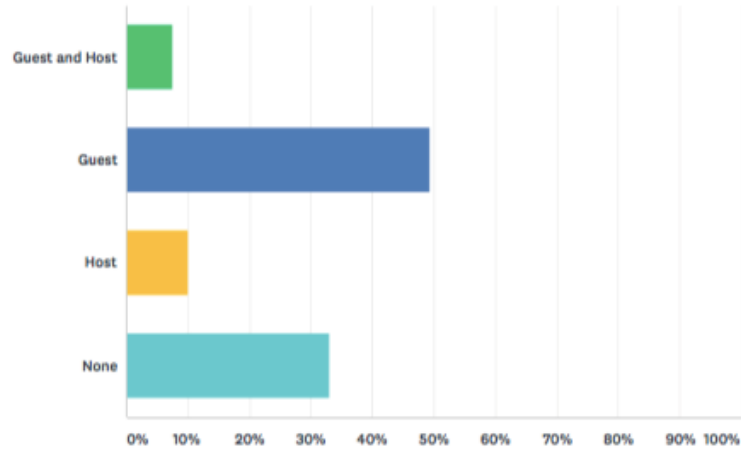
ANSWER CHOICES	RESPONSES	
Negative service perception	11.29%	14
Low quality of the accomodation	5.65%	7
Bad location of the accomodation	0.81%	1
Poor quality website	0.81%	1
Lack of trust in the hosts	22.58%	28

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N/A - (If "Yes" in question n° 4)	62.10%	77
Total Respondents: 124		

Q7 How do you use Airbnb?

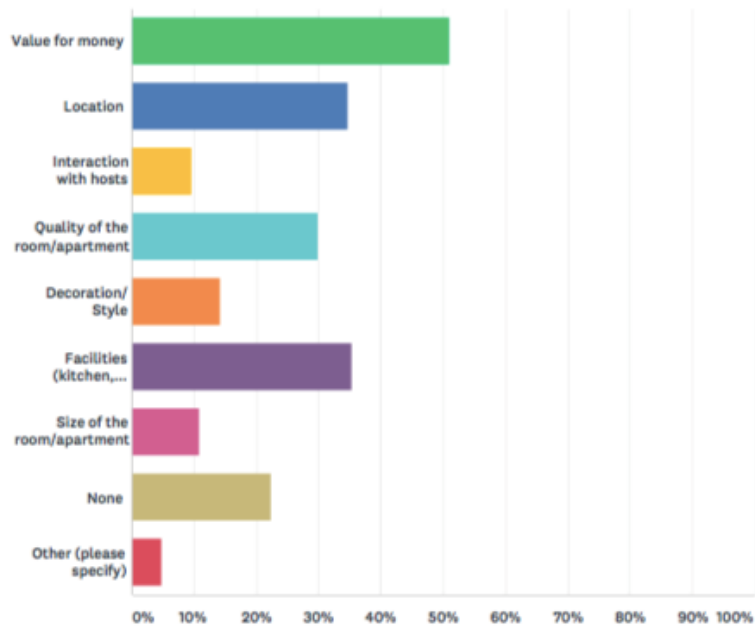
Answered: 148 Skipped: 4



ANSWER CHOICES	RESPONSES	
Guest and Host	7.43%	11
Guest	49.32%	73
Host	10.14%	15
None	33.11%	49
TOTAL		148

Q8 Which of the following best describes your motivations to choose Airbnb?

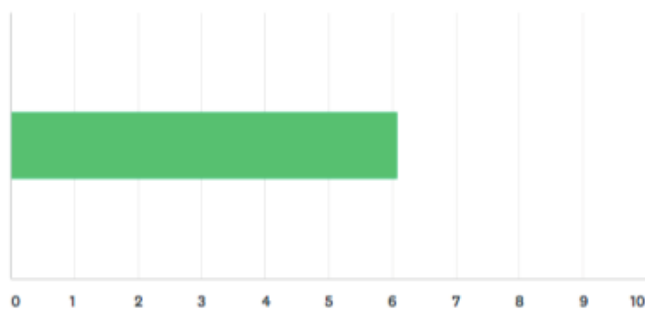
Answered: 147 Skipped: 5



ANSWER CHOICES	RESPONSES	
Value for money	51.02%	75
Location	34.69%	51
Interaction with hosts	9.52%	14
Quality of the room/apartment	29.93%	44
Decoration/ Style	14.29%	21
Facilities (kitchen, living room, etc)	35.37%	52
Size of the room/apartment	10.88%	16
None	22.45%	33
Other (please specify)	4.76%	7
Total Respondents: 147		

Q9 How would you evaluate Airbnb's website?

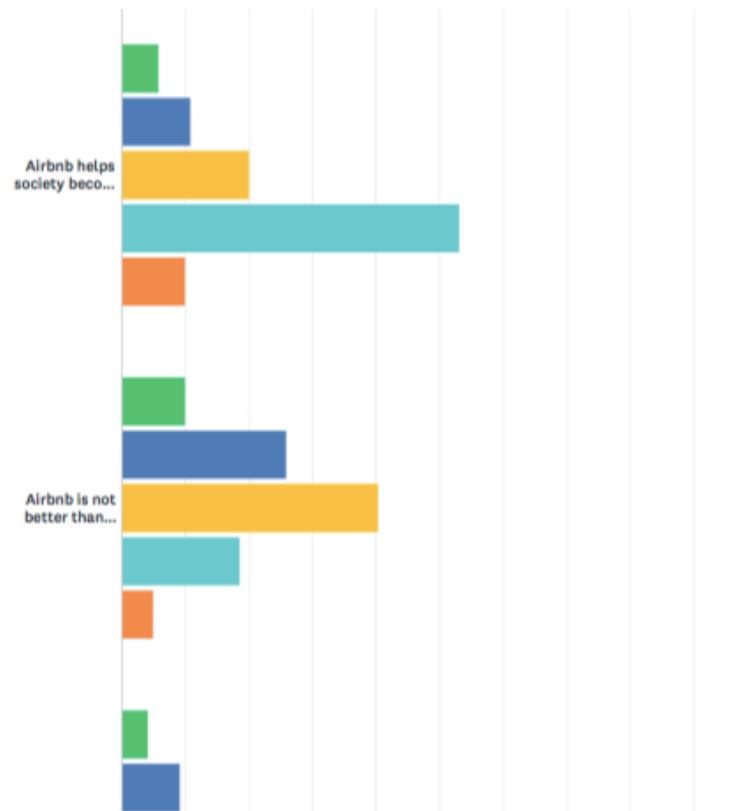
Answered: 142 Skipped: 10



ANSWER CHOICES	AVERAGE NUMBER	TOTAL NUMBER	RESPONSES
	6	864	142
Total Respondents: 142			

Q10 Regarding the following sentences please express your opinion:

Answered: 141 Skipped: 11



	STRONGLY DISAGREE	DISAGREE	NEITHER AGREE OR DISAGREE	AGREE	STRONGLY AGREE	TOTAL
Airbnb helps society become more sustainable, by enabling the use of underutilized spaces for accomodation.	5.76% 8	10.79% 15	20.14% 28	53.24% 74	10.07% 14	139
Airbnb is not better than traditional hotels in any aspect.	10.07% 14	25.90% 36	40.29% 56	18.71% 26	5.04% 7	139
I trust in Airbnb hosts, because I had a good previous experience.	4.29% 6	9.29% 13	33.57% 47	40.71% 57	12.14% 17	140
I trust in Airbnb hosts, because my friends/family recommended.	4.32% 6	7.91% 11	38.13% 53	44.60% 62	5.04% 7	139
I trust in Airbnb hosts, by following good and bad reviews	2.90% 4	8.70% 12	24.64% 34	49.28% 68	14.49% 20	138
Airbnb has a trendy brand image (logo, website design)	2.88% 4	5.76% 8	34.53% 48	48.92% 68	7.91% 11	139

7.2 Interviews – Answers

Q1: Age:

Interviewee 1:

“I’m 26 years old.”

Interviewee 2:

“24 years.”

Interviewee 3:

“58 years old.”

Interviewee 4:

“I’m 44.”

Interviewee 5:

“I’m 27.”

Q2: Gender:

Interviewee 1:

“Female”

Interviewee 2:

“Male”

Interviewee 3:

“Male”

Interviewee 4:

“Female”

Interviewee 5:

“Female”

Q3: Profession:

Interviewee 1:

“I’m a Communication Specialist.”

Interviewee 2:

“I work as a Sock supervisor.”

Interviewee 3:

“Currently I’m a Touristic Operator.”

Interviewee 4:

“Manager”

Interviewee 5:

“I’m a Physiotherapist.”

Q4: Nº of days of holidays per year (approximately):

Interviewee 1: “25.”

Interviewee 2: “22.”

Interviewee 3: “26.”

Interviewee 4: “27.”

Interviewee 5: “25.”

Q5: Are you familiarized with the concept of Sharing Economy? If yes, please describe what it means for you in one sentence.

Interviewee 1:

“Yes. I think that sharing economy means that you will share a personal object with others like, for example, a flat or a car and in return you either pay money for usage or you get money for making your object accessible.”

Interviewee 2:

“Yes, I believe that sharing economy is the way people found to no waste their resources. Or, in the other hand, it is when people try to potentialize what they already have by sharing and exchanging their resources. “

Interviewee 3:

“Yes, it’s when people use their own properties to do business with other people that have a need for certain resource.”

Interviewee 4:

“Yes, it’s when people try to take advantage of something they already have.”

Interviewee 5:

“Yes. So, sharing economy its related with the activity carried out by a group of companies that work together and share part of the funding or client’s payments. I think that It also means that they provide different services to clients which complement each other.”

Q6: Can you name any company which provide services within the sharing economy market? (If yes, please name the ones which, in your opinion, fit this market).

Interviewee 1:

“Yes, Uber and Airbnb”

Interviewee 2:

“The house rental company HomeAway”

Interviewee 3:

“Airbnb and HomeAway”

Interviewee 4:

“Airbnb”

Interviewee 5:

“Airbnb and booking. Then there’s also amazon, PayPal and Skyscanner.”

Q7: When you think about accommodation for holidays, which places to stay come to your mind? (please name the first three options which come to your mind).

Interviewee 1:

“Airbnb, Hostel, Hotel”

Interviewee 2:

“Hostel; Airbnb apartment; Guesthouse”

Interviewee 3:

“Hotels Apartments; Airbnb”

Interviewee 4:

“Booking, Airbnb, HomeAway”

Interviewee 5:

“Hotel, guesthouse, rent apartment”

Q8: When you think about Airbnb which words come to your mind? (please name the first three).

Interviewee 1:

“I think about sharing and price”

Interviewee 2:

“Airbnb immediately reminds me about comfort, home cooking and low-cost price”

Interviewee 3:

“I have to say apartments, holidays and city-breaks “

Interviewee 4:

“Airbnb makes me think about real homes, less expensive than hotels and good for sharing”

Interviewee 5:

“It reminds me of finding cozy houses”

Q9: Have you stayed as a guest in Airbnb accommodation?

Interviewee 1: “Yes, I did.”

Interviewee 2: “Yes.”

Interviewee 3: “Yes.”

Interviewee 4: “Yes.”

Interviewee 5: “Yes.”

Q10: How many nights have you stayed in an Airbnb accommodation (the longest stay)?

Interviewee 1: “5.”

Interviewee 2: “5.”

Interviewee 3: “8.”

Interviewee 4: “3”

Interviewee 5: “4.”

Q11: In your opinion, the value for money for the whole stay in Airbnb accommodation was fair?

Interviewee 1: “Yes “

Interviewee 2: “Yes”

Interviewee 3: “Yes, for sure.”

Interviewee 4: “Yes”

Interviewee 5: “Yes, definitely.”

Q12: Which features/factors would you describe as more relevant in the decision of choosing Airbnb instead of other types of accommodation (hotels, hostels, etc.)? (please name the ones which make a difference in your personal decision).

Interviewee 1:

“I choose Airbnb in the first place mostly because of the price combined with great location that you can get and atmosphere and personality that makes you feel more like home.”

Interviewee 2:

“I think that the possibility of use a kitchen and cook my own meals makes me choose Airbnb instead of other accommodations.”

Interviewee 3:

“The apartment location and his amenities are the primary factor that makes look for Airbnb accommodation. Secondly, I think that the size and decoration of the apartment it is a huge advantage of getting an Airbnb apartment.”

Interviewee 4:

“The fact that you can get an all apartment with nice decoration for a lower price has a huge influence in my choice. and the possibility of housing several people in one apartment, which means that I can share it with my friends. “

Interviewee 5:

"I can get more privacy than a hotel. In general, the space, which allows me to cook and relax."

Q13: Does the relation with the hosts affect your choice?

Interviewee 1: "Yes"

Interviewee 2: "Yes"

Interviewee 3: "No"

Interviewee 4: "Yes"

Interviewee 5: "No"

Q14: Did any host give you useful recommendations during your stay?

Interviewee 1: "Yes"

Interviewee 2: "Yes"

Interviewee 3: "Yes"

Interviewee 4: "Yes"

Interviewee 5: "Yes"

Q15: From the following options, please choose the ones which, in your opinion, would make a difference in the improvement of your stay as guest in Airbnb accommodation.

Interviewee 1:

“Breakfast included; Local Transportation tickets/pass”

Interviewee 2:

“Vouchers to nearby retail shops/cafes/restaurants; Local Transportation tickets/pass”

Interviewee 3:

“Breakfast included;”

Interviewee 4:

“Breakfast included; Local Transportation tickets/pass”

Interviewee 5:

“Vouchers to nearby retail shops/cafes/restaurants; Private transportation;”

Q16: In your opinion, why do you think people trust in peer-to-peer services like Airbnb or Uber? (please describe at least one factor)

Interviewee 1:

“Because people trust in rating system”

Interviewee 2:

"I think that is related with the payment policy that exists in those services. Those services give you a safety feeling and, in other hand, nowadays people use to trust on each other instead of trusting on brands. That's why reviews have so much impact. That's my opinion."

Interviewee 3:

"Is mostly related with security safety"

Interviewee 4:

"Maybe because it is easy to use and the direct business between customer and seller leads to a cost reduction"

Interviewee 5:

"The fact that they are available 24h a day and the good management of services and problems. "

Q17: After using Airbnb Website, would you consider it as an intuitive and well-designed website? If not, please explain why.

Interviewee 1: "Yes"

Interviewee 2:

"Kind of. The design must improve to be more intuitive"

Interviewee 3: "Yes"

Interviewee 4:

“Yes, I would consider it as well designed”

Interviewee 5: “Yes”

Q18: When choosing an Airbnb accommodation, do you read previous reviews and check the hosts’ rating score? Is it decisional for not choosing/choosing a certain accommodation?

Interviewee 1:

“Yes, definitely. I do read ratings and it influences my decision.”

Interviewee 2:

“Yes, I always take a look on rating, so I can decide well.”

Interviewee 3:

“Yes, for sure.”

Interviewee 4:

“Yes, I do read them, but is not decisional in my choice.”

Interviewee 5:

“Yes, I read and is decisional for my decision.”

Q19: In one sentence, how would you describe Airbnb services in general?

Interviewee 1:

“There’s a good price-quality accommodation which makes you feel like home no matter where you are.”

Interviewee 2:

“When Airbnb appeared, for me, it was an incredible innovation. Now, as a service, I think it’s easy to use and a chance to enjoy high quality accommodation.”

Interviewee 3:

“For me, Airbnb its good, safe and reliable”

Interviewee 4:

“I trust on Airbnb services and they allow me to feel like we’re are staying in a real home.”

Interviewee 5:

“They are pretty good.”

Q20: If you could make a recommendation to change something in the Airbnb services, what would you recommend? (if your answer is “nothing”, please explain why).

Interviewee 1:

“I cannot think of any suggestions at the moment”

Interviewee 2:

“I think they should improve their website design.”

Interviewee 3:

“It is ok in my opinion”

Interviewee 4:

“I can’t remember of any suggestion”

Interviewee 5:

“I think they are fine”