



Humanize your business. The role of personal reputation in the sharing economy



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ABSTRACT

Drawing on the services marketing and sharing economy literature, the study identifies the leading reputational attributes that boost popularity in sharing economy platforms. As popularity stands as a purchase decision-making tool, the purpose of this paper is to jointly examine the influence of personal reputation and product description. A sample of Airbnb listings was collected in November 2016 in Italy and UK ($n = 502$). The database consists of popularity variables along with personal reputational attributes and the description of the product being offered. The findings of the study, based on the Shapley Value Regression, suggest that personal reputation is of paramount importance, explaining alone almost 40% of popularity variation. The paper concludes with theoretical implications on self-branding and, given the importance weights of the different attributes in popularity building, practical implications for sellers operating in sharing economy platforms.

1. Introduction

In recent years, the so-called sharing economy has become a common practice in many fields. Retailing, hospitality, transportation, and computing are just some examples of sectors affected by this practice. The proliferation of these consumption models based on a shared access to goods and services is especially encouraged by the rapid development of technology (Belk, 2010; Botsman and Rogers, 2010; Albinsson and Yasanthi Perera, 2012). In particular, the spread of platforms and social media applications and the growing user-connectivity facilitate the creation of online peer communities. People can share information, experiences and increasingly also goods and services for a certain period of time by paying a fee or through social market norms (Bardhi and Eckhardt, 2012). Thanks to technology improvements, a consumption model that in the past was perceived as inferior (Ronald, 2008) in the last decade has become a noteworthy phenomenon due to economic, social and cultural changes (Bauman, 2013; Bardhi et al., 2012; Zervas et al., 2015a,b). These consumption trends have led to the development of new business models: Airbnb, Zipcar and Uber, just to name a few. These companies are generally considered examples of “disrupting innovation” (Christensen, 1997; Schneider 2017), because they make use of innovative technologies to create platforms where people can easily share products and experiences.

One of the sectors affected by sharing economy is certainly accommodation. The spread of this new model of consumption has tremendously expanded the hospitality sector beyond any previous boundary (Guttentag, 2015; Zervas et al., 2015a,b). The most well-known example of sharing economy operator in the hospitality sector is Airbnb, a marketplace where people can rent rooms or entire flats mainly for short periods. The main operating principle is the creation of a community of hosts and guests who share services, information, and experiences (Yannopoulou et al., 2013). Although one strong reason to choose Airbnb is generally that it costs less than traditional accommodation services (Guttentag, 2015; Priporas et al., 2017), cultural and social factors have increasingly gained importance (Ikkala and Lampinen, 2015; Lee et al., 2015; Möhlmann, 2015; Zhu et al., 2017). The act of sharing is generally “a step toward creating social connection and community” (Albinsson and Yasanthi Perera, 2012, p. 311), in which positive social ties take place (John, 2013).

Previous research on sharing economy (Cheng, 2016; Pera and Viglia, 2016) has focused on five research streams, lifestyle and social movement, consumption practice, sharing paradigm, trust, and innovation. Additional socio-economic effects of sharing economy have been identified with regards to new trends in consumer behaviour (Tussyadiah and Pesonen, 2015; Sigala, 2015a,b; Pappas, 2017), behaviours of operators (Zervas et al., 2015a,b) and value co-creation

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(Camilleri and Neuhofer, 2017; Johnson and Neuhofer, 2017). Furthermore, the spread of these models has created concern about legal issues (Guttentag, 2015; Williams and Horodnic, 2017).

Few studies have examined the popularity determinants in this sharing economy context. Liang et al. (2017) showed that consumers are willing to spend more on popular accommodations, suggesting that popularity is a helpful cue to better inform judgment and consumers' decision making. While informative description and reputation have been shown to boost brand popularity in traditional markets (De Vries et al., 2012; Viglia et al., 2014) the specific relevance of these variables in the sharing economy industry is scant.

The purpose of the paper is to examine the role and influence of personal reputation and product description in popularity building within the sharing economy context. This study is part of the stream of research related to consumption practice, as identified by Cheng (2016). The theoretical angle is interdisciplinary, drawing from sociological and economic perspectives. The paper investigates the identified relationships through Shapley Value Regression with a sample of 502 Airbnb listings. The choice of focusing the analysis on a single case (Airbnb) is motivated by the central role played by this platform in transforming the tourism accommodation sector (Oskam and Boswijk, 2016; Guttentag and Smith, 2017).

2. Conceptual framework and hypotheses development

Sharing economy has been heralded as a strategic innovation, with an increasing number of articles and books on the topic (ISI Web of Science, 2017). This phenomenon is analysed in various research fields with different conceptualizations (Belk, 2014). Some of these include collaborative consumption (Botsman and Rogers, 2010), co-production (Humphreys and Grayson, 2008), co-creation (Pralhad and Ramaswamy, 2004), prosumption (Toffler and Alvin, 1981), access-based consumption (Bardhi and Eckhardt, 2012), consumer participation (Fitzsimmons, 1985), commons-based peer production (Benkler and Nissenbaum, 2006) and social sharing or shareable goods (Benkler, 2004). Although there is no consensus on a unique definition of sharing economy, scholars and practitioners agree it is a disruptive innovation in the current social economic system (PricewaterhouseCoopers, 2015; Schor and Fitzmaurice, 2015).

Theoretically, sharing economy has its roots in the idea of gift giving (Belk, 2007), with past research investigating the psychological motivations for sharing (Bardhi and Eckhardt, 2012). In recent times, these boundaries have been extended and now sharing is mainly based on market transactions (Kennedy, 2016; Heo, 2016). The present study embraces the “collaborative consumption” definition of sharing economy by Belk (2014), where people coordinate for “the acquisition and distribution of a resource for a fee or other compensation” (p. 1597). This conceptualization rules out other definitions of sharing economy not based on monetary transactions. An example of these non-monetary sharing economy markets is CouchSurfing (Pera et al., 2016). Sharing economy platforms like Airbnb enable individuals to charge a fee for offering accommodation services. In this sense, hosts operate as micro-entrepreneurs (Sundararajan, 2014; Teubner et al., 2017). Today, there is a subtle line between private and professional providers on sharing economy platforms (Zervas et al., 2015a,b). Indeed, despite the differences between the two categories of actors (Li et al., 2015), the popularity of Airbnb attracts an increasing number of semi-professionals with multiple listings (Teubner et al., 2017; Ke, 2017).

From a theoretical standpoint, our analysis is based mainly on social comparison theory (Festinger, 1954), and signaling theory (Spence, 2002). Those theories explain how customers form judgments using available cues and being influenced by others' decisions. In unveiling so, we jointly measure the role of product description and we control for other possible confounding factors. The present study focuses on Airbnb listings due to both practical and academic reasons. First, recent

research demonstrates that Airbnb is the most noticeable example of the sharing economy in the hospitality industry (Guttentag, 2015; Ert et al., 2016). The platform counts 3 million listings in 65,000 cities in 191 countries all over the world and it is increasingly considered by customers during the travel decision process, with 150 million guests since its foundation in 2008 (Airbnb, 2017). Second, an analysis of the sharing economy topic in the hospitality industry literature over the last three years (2015–2017) demonstrates the interest of scholars towards the case Airbnb. The main research themes are presented in Table 1 and primarily revolve around these areas: i) value creation practices (Camilleri and Neuhofer, 2017; Johnson and Neuhofer, 2017), ii) effects on consumers' preferences and decisions (Varma et al., 2016; Tussyadiah and Pesonen, 2015; Mao and Lyu, 2017; Poon and Huang, 2017; Tussyadiah and Zach, 2017), iii) impacts on the hotel sector and changing relationships between the actors (Zervas et al., 2015a,b; Guttentag and Smith, 2017; Mody et al., 2017), iv) effects of attributes of Airbnb listings on performance (Xie and Mao, 2017) and v) pricing (Chen and Xie, 2017; Wang and Nicolau, 2017).

2.1. Popularity

According to social comparison theory (Festinger, 1954), popular alternatives have higher probability to be selected. Individuals usually believe that the majority is right (Denrell and Le Mens, 2012) and make decisions based on this reasoning. The trend to emulate peers in selected choices, named bandwagon effect, has been studied in the context of behavioural sciences (Salganik and Watts, 2008; Bass, 1969). Internet users, who are increasingly overwhelmed by information and quality uncertainty, adopt popular decisions to simplify their decision-making processes (Fu and Sim, 2011). Across different online contexts, acts of social compliance were shown to reflect in high revenues (Liu, 2006; De Vries et al., 2012). Recently, Viglia et al. (2014) have found that consumers' preference increases with the popularity of the offer.

While social comparison theory explain why individual follow peers, signaling theory (Spence, 2002) concerns the complex signaling processes that occur during a transaction between the transaction parties (in our specific case hosts and guests). This process is specifically salient when asymmetrical information is present (Connelly et al., 2011; Teubner et al., 2017). To reduce information asymmetry, providers can signal the products' quality by means of specific indicators (signals) that are generally classified in conventional, handicap or index (Spence, 2002). Operationalizing these concepts in hospitality, conventional signals regard the information provided by the host (i.e. self-descriptions), handicap signals explicate a deeper effort of the host before and during the transaction (i.e. ID disclosure, host-guest interactions), and index signals are the final results coming from peer experiences (i.e. reviews and other reputational indicators). With the development of technology and social media, these last signals are really accessible indicators (number of reviews, number of like, number of followers, etc.) (De Vries et al., 2012; Sabate et al., 2014). Online ratings become crucial since they are the result of previous peers' experiences. They can be considered a first source of popularity in that they are perceived more helpful and trustable than information coming from the company itself (Resnick and Zeckhauser, 2002; Yacouel and Fleischer, 2012; Sparks and Browning, 2011; Mauri and Minazzi, 2013; Abraham et al., 2017; Viglia et al., 2016). Nonetheless, in the sharing economy arena, products have generally overwhelming positive reviews (Zervas et al., 2015a,b). In the particular case of the hospitality sector, previous studies found that more than 90% of Airbnb properties boast an average user-generated rating of either 4.5 or 5 stars (Zervas et al., 2015a,b). This can lead travelers to look for other cues to inform their decisions (Dellarocas and Wood 2008; Bolton et al., 2013). In addition to online ratings, the number of reviews (WOM volume) can be considered a main constituent of popularity along with similar preference cues left by consumers (Chevalier and Mayzlin, 2006; Liu, 2006;

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