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Materialism and the sharing economy: A cross-cultural study of American and Indian consumers

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ABSTRACT

The global rise of the sharing economy has attracted widespread attention among managers, marketers and researchers as non-ownership modes of consumption are increasingly being adopted by consumers. Building on previous research that distinguishes non-ownership consumption programs, this article investigates the role of materialism in participation in sharing-based programs of the sharing economy cross culturally. Unlike previous research that stated that materialism is in contrast with sharing, this research shows that under certain circumstances, both in America and India, materialism will lead to greater participation in the sharing economy. However, the reason why is different for each culture. For Americans, this effect is expected to surface for programs that resemble sharing as they don't compete with ownership of products but rather encourage materialist consumers to seek out transformative and hedonic experiences that are expected to improve their self-image and well-being. For Indians, materialism will lead to participation in sharing-based programs through increased perceived utility. Managerial and theoretical implications are discussed.

1. Introduction

In the aftermath of the global financial crisis beginning in 2008, consumers sought other means of gaining access to products and services aside from the burdens of ownership. A new economic model, known as the sharing economy or collaborative consumption, emerged which integrated collaboration, technology, and the desire to be more efficient with products and services (Botsman & Rogers, 2010). For example, both Uber and Rideshare offer transportation services by utilizing the untapped resources of ordinary car owners. They allow consumers to travel short or long distances at rates cheaper than other transportation options and are significantly more economical than owning a car. Airbnb and Couchsurfing offer travelers more affordable and arguably more intriguing accommodations as compared to renting out hotel rooms.

Sharing programs such as time sharing condominiums, in which people jointly share the ownership and the usage rights of a vacation house, gained momentum during the 1970s and have been growing in popularity ever since (Powanga & Powanga, 2008). The rise of the new sharing economy has attracted widespread attention among practitioners and researchers as to why various programs offering non-ownership modes of consumption are increasingly being adopted by

consumers? It appears that programs such as Airbnb, in which consumers can stay at other individual's houses in return for a specified fee, are the evolved versions of programs such as time sharing. New technology and consumer awareness have removed the barriers of sharing and therefore facilitated sharing in a larger scale, lowering ownership burdens.

Previous research examining predictors of participation in the sharing economy have ignored the differences among various programs and therefore have produced fragmented results (Habibi, Kim, & Laroche, 2016). Research has shown that monetary motivations, environmental and social concerns, flexibility, and political motives are among several factors that enhance participation in the sharing economy (Bardhi & Eckhardt, 2012; Caprariello & Reis, 2013; Lambertson & Rose, 2012). This article investigates an important and counterintuitive predictor of participation in the sharing economy programs, namely materialism. Additionally, the sharing economy movement is growing globally. Couchsurfing and Airbnb are operating in > 190,000 cities and virtually in every country in the world (Airbnb, 2016; Couchsurfing, 2016). Uber, which replaces traditional taxi services, operates in > 370 cities across the world (Uber, 2016). However, there is limited cross cultural research on the adoption of the sharing economy. As such this research aims to answer these questions;

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whether/how materialism does influence participation in the sharing programs of the sharing economy? Whether this effect exists/differs cross-culturally?

Extant research opposes any positive relationship between materialism and sharing (e.g., [Belk, 2007](#); [Richins & Dawson, 1992](#)); however there has yet to be any strong empirical evidence for this dismissal as there is some new empirical evidence suggesting such a relationship ([Habibi, Davidson, & Laroche, 2016](#)). The purpose of this study is to address whether/why materialism enhances willingness to participate in sharing programs cross-culturally. Through conducting two empirical studies, this research investigates materialism and participation in sharing programs across samples of American and Indian consumers. Study 1 provides empirical evidence for the positive relationship between materialism and willingness to participate in sharing programs across the two cultures. The research then argues that due to cultural differences, materialism will influence participation in sharing programs for different reasons. Study 2 reveals that for Americans materialism will lead to participation through expectations that it will provide transformative and hedonic experiences that improve their self-image and well-being. For Indians on the other hand, materialism leads to participation in sharing programs because of the increased perceived utility it offers to participants. These mechanisms will be further discussed in upcoming sections.

This paper makes the following contributions. First, this is the first paper to investigate participation in the sharing economy cross-culturally. The limited extant scholarly research on the sharing economy has focused only on the American consumer ([Bardhi & Eckhardt, 2012](#); [Chen, 2009](#); [Habibi, Davidson, et al., 2016](#); [Lamberton & Rose, 2012](#)), while the sharing economy is global. Second, the research only focuses on programs that are closer to actual sharing rather than the various programs within the sharing economy domain that are more exchange-based but masked under the guise of sharing. These programs are called pseudo-sharing by [Belk \(2014b\)](#). Finally and most importantly, this article shows that there are different reasons for materialists in different cultures to participate in the sharing-based programs of the sharing economy. This is a response to calls for more evidence on whether the meaning of materialism varies across cultures ([Kasser, 2016](#)). The Americans would participate for the experiential and transformative experiences offered by the sharing programs, while the Indians would mainly participate for utilitarian motivations. These findings are new to the field and would further expand our understanding of the sharing economy and its intersection with materialism cross-culturally.

2. Conceptual overview

2.1. Non-ownership consumption

As a relatively new economic model, the sharing economy successfully encourages shared access to products and services over proprietorship (non-ownership consumption). Examples can be found in a range of different industries including transportation (i.e. Uber), accommodations (i.e. Couchsurfing, Airbnb), financial services (i.e. kickstarter), food delivery (i.e. postmates), and a host of others. The growing stream of literature on the sharing economy can be confusing for most readers as the phenomenon has been labeled with a range of different names such as collaborative consumption, the access economy, commercial sharing systems and others ([Belk, 2014b](#)).

There are three major factors that have contributed to the ongoing success of the sharing economy. First, the global financial crisis beginning in 2008 transformed consumption habits towards more frugal and economical alternatives. Second, the growth of internet technology and especially social media produced opportunities to make such programs accessible and more importantly, efficient. Third, the rise in consumer awareness of depleting natural resources encouraged a shift away from over-indulgence and proprietorship and towards more

ethical, environmental, and economically efficient consumption programs ([Bardhi & Eckhardt, 2012](#); [Botsman & Rogers, 2010](#); [John, 2013](#)). As a result, the sharing economy is considered to be worth approximately \$15 billion and according to some estimates is expected to grow over \$300 billion in the next ten years ([PWC, 2015](#)).

2.2. The sharing-exchange continuum of non-ownership consumption

In order to study the sharing economy, it is imperative to specify what contexts and programs are under investigation since a subtle change in the context can change the nature of one non-ownership program from sharing to more of an exchange or pseudo sharing ([Belk, 2010, 2014b](#)). While many programs offer peer-to-peer common usage of pooled resources, they all vary in regards to the degree of market mediation, degrees of money, socialization, and community that are involved. Market mediation refers to the role of a third party that facilitates the program of sharing between consumers. Lower-level mediation can be exemplified by websites such as Couchsurfing which enable consumers to offer shared services without charging any fees. In contrast, higher-level mediation occurs when the third party is more heavily involved in the transaction and obtains more significant compensation for its services. For example, Bixi, a bicycle sharing program operating internationally, requires cyclists to pay for a subscription and charges a rate if the bicycle is not returned to a docking station after 45 min of use. In terms of socialization, in some programs such as Couchsurfing there is a high degree of socialization among members and they feel strong community bonds to each other while there is limited socialization and community feelings in other programs such as Zipcar ([Habibi, Kim, & Laroche, 2016](#); [Habibi, Davidson, et al., 2016](#)).

While research on the sharing economy is expanding, most conceptual and empirical studies do not distinguish among the different programs in regards to whether they are sharing or exchange or something in between. Most notably, researchers have typically focused on programs that are more exchange (pseudo sharing) versus sharing based and yet extended the findings to all programs in the sharing economy. For example, [Lamberton and Rose \(2012\)](#) investigate cell-phone sharing plans, bicycle sharing and automobile sharing programs which all necessitate significant compensation from consumers to a third party mediator and have low degree of socialization and community bonds. Similarly, [Bardhi and Eckhardt \(2012\)](#) conclude that consumers sign up for Zipcar primarily because of its ease of accessibility however it is highly questionable if their findings can be applied to programs that are less exchanged-based such as Kangaride, a ride-sharing system, that mainly has characteristics of a sharing program. According to [Belk \(2014b\)](#), such exchange-based programs should be more adequately referred to as ‘pseudo-sharing’ because they require financial compensation towards a market mediator and they do not conform to most of the sharing characteristics. In contrast, sharing-based programs consist of examples such as tool-lending libraries and couch surfing accommodations which entail little to no involvement of a third party, typically they entail lack of money involvement, presence of socialization and communal bonds, and other sharing characteristics.

Based on these distinctions made by [Belk \(2010, 2014b\)](#) and to eliminate the semantic confusion in the field about the sharing programs, [Habibi, Davidson, et al. \(2016\)](#) developed a continuum which calculates the sharing score of each program as containing differing complimentary degrees of sharing versus exchange. As shown in [Fig. 1](#), programs such as Couchsurfing receive a score that is nearer to the sharing side of the spectrum. In contrast, Zipcar is closer to the exchange side of the continuum. According to this model, the judgment on whether a program is sharing, exchange, or something in between should be based on a set of characteristics that are outlined at the two sides of the continuum. That is, simply calling a program, as “sharing” is not going to be precise. Rather, one should investigate whether and to what degree the characteristics of sharing or exchange apply to that program.

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