

## **Sharing Economy: An Analysis of Airbnb Business Model and the Factors that Influence Consumer Adoption**

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— *Review of* —  
**Integrative  
Business &  
Economics**  
— *Research* —

### **ABSTRACT**

Public perception of shared goods and/or services has changed substantially over the past few years. For instance, sharing accommodations is gaining widespread popularity through social technologies. Enhancing simple sharing of personal properties or belongings provides opportunity to earn supplementary income and enable to minimize cost or be part of the community thru online marketplace platform. This study is aimed at determining the perceived behavior of those individuals opting to engage in Airbnb and finding out its impact on the current states of hospitality industry.

Keywords: Sharing Economy; Airbnb; Hospitality industry; Collaborative Consumption.

### **1. INTRODUCTION**

In recent years, sharing economy has gained attention among traditional firms and academic researchers in which they have provided various definitions, explanations and assessment on its economic, social and environmental impact as it begun to put different industries at high risk. Botsman's (2010) definition of sharing economy has been used in several studies in predicting its success before its breakthrough. Therefore, sharing economy can be broadly defined as an economic system based on sharing underused assets or services, for free or for a fee, directly from individuals. Internet has given a significant change in the practices of people in the case of the sharing economy (Botsman, 2010). Belk (2010) provides importance on the contribution of Internet technology (with the advent of smartphones that have GPS capability and access to number of applications) that provides significant development in a sharing economy in which it enables peer-to-peer activity between strangers to happen. In addition, Oxford Dictionary has formally added sharing economy in its glossary and defined sharing economy as "an economic system in which assets or services are shared between private individuals, either free or for a fee, typically by means of the Internet".

The demand in usage of sharing companies has increased for the past years. Nielsen Holdings conducted a study in May 2014 to more than 30,000 global online consumers

to know the willingness of the people's participation towards sharing economy. Based on their study, 68% of consumers are willing to share or rent personal items for extra income and 66% are likely to use products and services such as furniture, sport equipment, tools, cars, home or services from others. Furthermore, the Asia-Pacific region is more responsive in participating in sharing communities due to its immense population. Millennials, on the other hand, represent a more affluent demographic and have the largest purchasing power as they portray greater eagerness and enthusiasm in participating in online community.

The growth and impact of sharing economy has changed different industries perception as it has generated billions of dollars for the past seven years. PricewaterhouseCoopers (PwC) has estimated its growth in the five major sectors – transportation (Grab, Uber, ZipCar), retail and consumer goods (Rent the Runway, ThredUp), accommodation (Airbnb, Couchsurfing, Homeaway), entertainment (Spotify), services (Task Rabbit) and finance (Lending Club). According to Roh (2016), by 2025 sharing economy could represent \$335 billion in revenue worldwide or with an annual growth of 25-30% in the next five years. In fact, in 2011, Time Magazine has labeled sharing economy as “10 ideas that will change the world”.

The insufficient hotel rooms during peak period are one of the reasons why Airbnb was formed. Airbnb became the biggest pioneer of sharing accommodation as it complements the on-going lack of supply in rooms. Its vision is to help community to earn money in a flexible way and help strengthen local economies. Airbnb has transformed travel accommodation in a unique way enabling travelers to feel home away from home and exchange experience with local community. It provides adventure and a unique home access, experience and be part of local community around the world. In addition, Airbnb provides innovative solutions to consumers by providing online platform to reach its community.

The entrant of this company has disrupted the operations of the hospitality industry and treated as a threat to their existing business model. In fact, Airbnb has surpassed the largest hotels chains in terms of number of rooms (Chappex, 2016) and with a current valuation twice as large as the Hilton Worldwide Holdings and Marriott International group. Despite its growth, the impact of the disruption is still vague and unquantifiable as they act as intermediaries with little capital cost. However, traditional firms have retaliated and demanded government bodies to protect them by regulating sharing economy companies.

Previous research has focused its work on the nature and implication of sharing economies in the industry. Others scholars have concentrated its study in determining consumer motivation in participating in sharing community. Results showed that economic (Bardhi and Eckhardt, 2012), environmental (Botsman and Rogers, 2010; Gansky, 2010) and social motivation (Botsman and Rogers, 2010; Tussyadiah, 2016) is the key driver in deciding to participate in sharing economy. Needless to say, motivations between sharing industries may differ especially if participants come from various socio-demographic groups (Hellwig et al., 2015).

Online community has emerged at the same time as sharing economy grows. Participants in sharing community use online comments or reviews to be their basis of quality, reliability and trust. Trust is treated as the new currency as sharing economy promotes transaction between strangers. Some studies show that trust is the mediating decision when choosing Airbnb for their future travel accommodation. Thus, online reviews from different travel blogs or user ratings are the new tools in measuring trust.

Through the years, worldwide tourism has grown tremendously specifically in the Philippines, South Korea and Singapore as these are the ones that are frequently visited by tourists or business travelers. In addition, with the complements of technological advancement, travelers these days have more options to communicate with the tourism providers and are given the opportunity to do-it-yourself (DIY) trips that engage local interactions. This study is significant in the tourism sector since during peak period or big conventions, scarcity of hotel rooms is one of the biggest concerns. Therefore, Airbnb decided to expand its operation in Asia and revitalize the tourism industry. In the first quarter of 2017, Airbnb has increased its listing in Asia-Pacific region with 500,000 rooms to offer to travelers (Airbnb, 2017). Hence, sharing accommodation may complement the imbalance between travelers and accommodation. Furthermore, the current research aims to determine the following:

- a. To analyze the sharing economy business model using Business Model Canvas by Alexander Osterwalder
- b. Determine the demographic profiles of the current users of Airbnb in the Philippines, Singapore and South Korea
- c. Determine the perceived behavior of individuals opting engagement in using Airbnb in the Philippines, Singapore and South Korea

## **2. REVIEW OF RELATED LITERATURE**

### **2.1 Sharing Economy – The Concept and Definition**

The concept of sharing is not a phenomenon as this act has been evident in different forms of life. However, the first peer-to-peer sales website went online as early as mid-1990s when E-bay introduce online consumer bidding. What made the difference is the emergence of huge firms with the support of venture capitalist and the development of Internet that allows to grow exponentially. Although, how can sharing economy be better defined when there are many terms that coins with it? There are series of terminological debates from different researchers and economists that can be perplexing. Most of research works have accepted and used the definition of Rachel Botsman (2010) where sharing economy is an economic system based on sharing underused assets or services, for free or for a fee, directly from individuals. However, Hamari et al. (2015) espoused that sharing economy is developed in the concept of collaborative consumption. Balaram (2016) put into consideration the first indication of collaborative consumption by Felson and Spaeth (1978) in which they regard collaborative consumption as an event in which one or more person consumes economic goods and services in the process of engaging in joint activities. Meanwhile, Hamari et al. (2015) defines sharing economy as a peer-to-peer based activity of obtaining, giving or sharing the access of goods and services, coordinated through community-based online services. In the paper of Belk (2014) titled

“You are what you can access”, he suggests that sharing is an act of distributing what people have to others for their use and/or the act and process of receiving or taking something from others to be used.

With many definitions that are available, Table 1 summarizes the definition of sharing economy from various authors.

Table 1: *Sharing Economy Definitions*

Author, Year	Definition
Frenken and Schor (2017)	Sharing economy is a consumer granting each other temporary access to under-utilized physical assets (idle capacity) possibly for money
Balaram, B (2016)	Sharing economy refers to a socio-economic system that involves a spectrum of activity based on maximizing the potential of our underused human and physical resources, from our skills to our things
Matofska (2016)	Sharing economy refers to the use and access of shared physical or human resources or assets rather than the fact that there is no monetary exchange.  Sharing economy enables different forms of value exchange and is a hybrid economy.
Botsman, R (2010)	Collaborative consumption is an economic model of sharing, swapping, trading or renting products and services, enabling access over ownership.
Mohlmann (2015)	Sharing economy/Collaborative consumption/peer economy, individual participate in sharing activities by renting, lending, trading, bartering, or swapping goods, services, transportation solutions, space or money
Stephany, A (2015)	Sharing economy is organized by the value in taking under-utilized assets and making them accessible online to a community, leading to a reduced need for ownership
PricewaterhouseCoopers (PwC, 2015)	Sharing economy allow individuals or groups to make money from underused assets.
Oxford Dictionary (2015)	An economic system in which assets or services are shared between private individuals, either for free or for a fee, typically by means of the internet

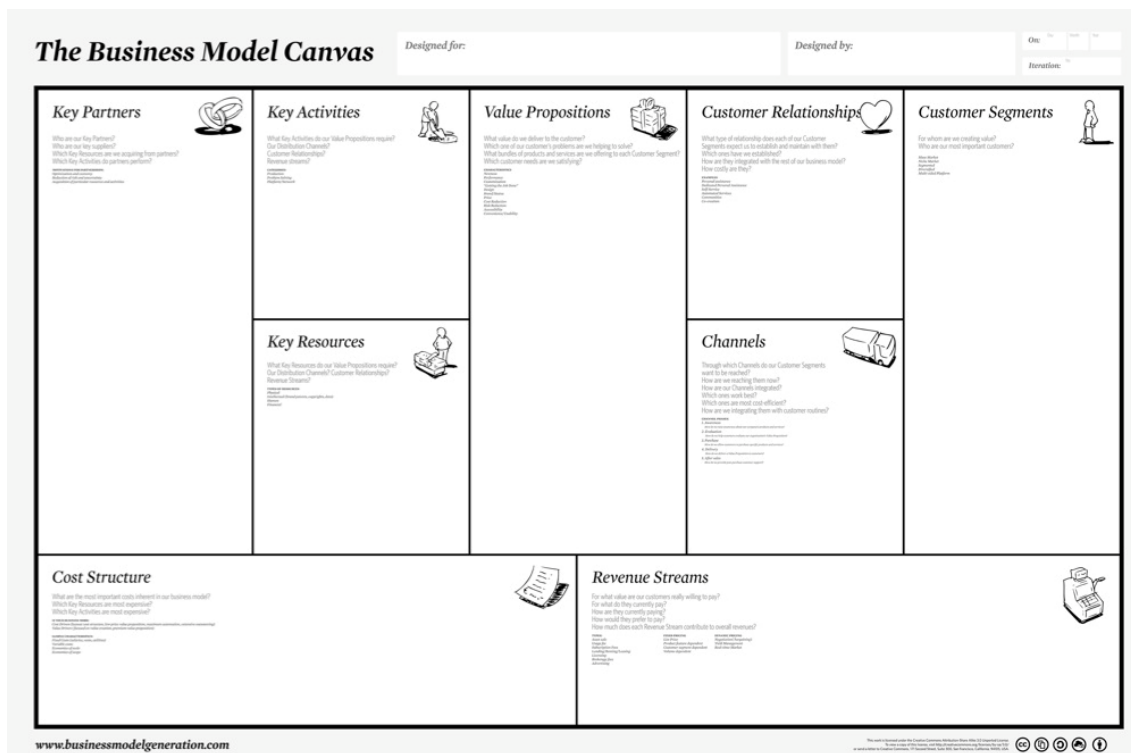
Schor and Fitzmaurice (2015)	Sharing economy is the wide and varied range of old, revamped and new practices whose central characteristics are the ability to save or make money, provide a novel consumer experience, reduce ecological and carbon footprints and strengthen social ties.
Richardson (2015)	Sharing economy provides value of the idle assets and making them available to online community, that the sense of ownership is unnecessary
Heinrichs (2013)	An umbrella term that, at the time of the recent global financial and economic crises, were given to an alternative economic and social model that has gained considerable attention
Böckmann (2013)	Sharing economy that describes a type of business model that builds on the sharing of resources between individuals through peer-to-peer services allows customers to access goods and services when needed.
Lessig (2008)	Collaborative consumption made by the activities of sharing, exchanging, and rental of resources without owning the goods
European Parliament (2015)	A new socio-economic model that has taken off, thanks to the technological revolution, with the Internet connecting people through online platforms on which transactions involving goods and services can be conducted securely and transparently

Nevertheless, the key characteristic of sharing economy is to provide economic opportunity for the individuals to exchange their underutilized assets with strangers through intermediaries that match supply and demand in an efficient way and with the help of information technology (Petropoulos, 2017). Therefore, this study defines sharing economy as a peer-to-peer economic activity that provides comfortable lifestyle reachable to everyone thru the advancement of Internet.

## 2.2 Business Model

Tech companies these days are known to become a disruptive innovator as they try to communicate and connect with their market thru various digital channels. Sharing companies use a business model innovation in order to drives customer engagement in an instant and disrupts the conventional ones.

In order to understand the business process of sharing economy, Kosintceva (2016) has suggested Osterwalder and Pigneur business model canvas in evaluating sharing economy business model as shown in Figure 1 to know the different activities of each elements.

Figure 1: *The Business Canvas Model by Osterwalder, 2008 (Oxford University)*

There are nine key building blocks composed of business model canvas that is essential to understand:

(1) Channel explains how easy an enterprise reaches its consumers through different means in order to communicate its value proposition clearly that create experience. In a sharing economy, technology has opened a path to make it easier to reach its target. It bridges the gap and makes things more efficient and possible. Rachel Botsman, author of "What's Mine is yours" presents that technology is the key in building trust and empower each other in order to build connection. Technology is the medium in sharing economy model to make sharing possible at this scale (Cohen and Keitzman, 2014). On the other hand, Hamari et al. (2015) point out that having a platform either online website, a mobile app or a combination of the two that is readily available and can facilitate sharing activities qualifies a company to be part of sharing economy. Through the use of Internet, technology has opened opportunities for sharing companies to access the underutilized assets and unlocked a new pathway for people to collaborate.

As sharing economy usage increases, online communities and social networking sites are one effective tool in reaching its consumer as it promotes social interaction and sharing of information (Lu and Hsiao, 2010). Hence, sharing companies has established itself to be visible in social media that created trust and reputation in the anonymous market (Puschmann and Alt, 2015). With the rise of social media, a new era has emerged. Where consumers have increased social interaction, members can become familiar with one another, providing a possible source of trust (Lu et al., 2010). In addition, electronic

word of mouth (eWOM) was created where people are more aware on what they can expect in sharing companies. The concept of eWOM is learning by doing. In the study of Bickart (2001) and Goh et al. (2016), consumers have higher level of interest in a product if they garner more information or feedback through online. Consumer response positively to ratings and feedbacks as they reflect truthfulness of the product from consumer experience. In this sense, this increases transparency and enables sharing companies to have a better value.

(2) Value proposition is the selling factor why consumers try or use products or services. Freedom of ownership and collaborative lifestyle is what sharing economy offers to the market. The definition of ownership has evolved as sharing provides access to assets without owning. It allows consumers to have less responsibility and freedom to move efficiently and freely in a cost-effective way. Consequently, consumer values have started to shift. As Henning-Thurau et al. (2007) says "If owning and sharing are both perceived as providing equivalent product benefits when seen as a substitute, consumers will opt for sharing than possessing". People tend to lean towards sharing as urban issues continue to rise. One major concern that sharing economy tries to address is the increase of unemployment rate. Sharing economy companies promotes temporary employment security that can supplement extra income. In addition, it offers flexible working hour, which makes it easier for the workforce to adopt.

(3) Customer relationship is one of the biggest activities in sharing economy. It is vital for consumers who participate in sharing community to express themselves and share their thoughts and opinion. Choi et al (2014) give importance to continuous relationship with the customers using the resources and with the partners in sharing economy. Hence, having fast and reliable system or mobile application and 24/7 - customer support is one of the means to maintain and improve customer relationship.

(4) Key partners are the stakeholders of the company. Keeping a good set of partners will dictate the success of the company. Hence, in sharing economy model, the host or the drivers are the main contributor in the business process as they open their assets to be use by strangers. Furthermore, third party partners like insurance company, photographers, maps, etc. are important to improve its service features.

(5) Key activities are the engagement that is provided by the company. Hence, in a sharing economy, having a seamless transaction without any intermediaries (peer-to-peer between strangers) is what it offers.

(6) Key resources are required for the main activities to operate either its intellectual, material, human or financial resources. Having platform architecture, analytics and algorithm are the necessary resources that are required in order sharing economy to function.

(7) Customer segment is the type of consumers that a company wanted to reach. It is important to understand each consumer type in order communicate with the right market.

(8) Revenue stream is the source of company revenue. Keeping a good number of sources in hand will have more options for the company to grow. In a sharing economy,

the source of revenue is the commission it gets from the providers and the users for each service rendered.

(9) Managing cost or expense is critical in doing business, as this will determine the profitability of the company. However, in sharing companies, cost is very minimal; they don't have much hard asset to maintain except for their own infrastructure (platform) and the possibility of future expansion. The other assets that they use are all being sub-contracted to their collaborators. This minimized the cost for sharing companies.

## **2.3 Types of Sharing**

Sharing economy has grown to different sectors since it started. Thus, Roh (2016), Kosintceva (2016), Tussyadiah (2016) and Hawlitschek et al. (2016) enumerated the different types of sharing based on Botsman's study in order to better categorize each sharing companies.

### **2.3.1 Product Service System**

Product Service System (PSS) is a type of sharing which allows members to share products that are owned by companies or private person (Roh, 2016). This system enables to provide collaborative products and services like Airbnb and Uber that are qualified as tangible assets (Tussyadiah, 2016). Hence, consumers pay for a product's purpose instead of the physical product sale (Schiel, 2015).

### **2.3.2 Redistribution Markets**

Redistribution Markets is a type of sharing that provides trade to allow re-ownership of the product. Online platforms like NeighborGoods.com is an example given by Roh (2016) that trade tools for free and thredUP.com that sell secondhand items.

### **2.3.3 Collaborative Lifestyle**

Collaborative Lifestyle allows people to share with the same interest using intangible assets. This type of sharing largely relates to sharing of money like crowd funding platforms (Roh, 2016) or share their skills like TaskRabbit. Manzini and Vezzoli (2001), Tukker (2004), and Schiel (2015) explain that collaborative lifestyle is a real sharing experience as it promotes "consuming together".

## **2.4 Drivers of Sharing Economy**

There is no doubt that people are more open in sharing goods or services because of the diversity of the activities, trendiness and novelty that it gives. Schor (2014) mentions in his research that new technology yields to utopian outcomes that empower ordinary people, provides efficiency and promotes lower carbon footprints.

The three main drivers why people intend to participate in a sharing economy is because of economic drivers that monetized idle inventory and promote cost savings. Social drivers are the people who influenced others to use a place either by friends, family



or the community. Environmental drivers are the people who are conscious of sustainability of resources and value waste reduction. This becomes the main driving forces of consumer that is willing to participating or patronizing sharing companies.

#### 2.4.1 Economic Drivers

Munger and Roxas (2016) espouse that whether sharing economy is good for the world's economy or not, it will happen because "the economic logic is inescapable". In the midst of economic crisis, consumer's financial constraint and urban problems, sharing economy compliments in the current situation as it gives solutions to the problem more than a substitute. While sharing economy may seem to result in a slower economic growth due to the possible closure of some businesses, less production and less consumption; some researchers claim that the effects are irrelevant up to a certain extent as they create other economic opportunities for others (Demailly and Novel, 2014). During high unemployment rate, sharing economy can act as a supplementary source of income in times and provides flexibility for individual to gain financial independence and empowerment (Chiu et al., 2012). However, its growths cannot be counted in the total Gross Domestic Product (GDP) of an economy as sharing is still operating as an underground economy. Those who profit and benefit from it might not declare its income as part of its earnings (Demailly and Novel, 2014).

Benoit et al. (2017) has agreed that economic motive plays an important role when deciding to take part in sharing economy due to the reduction of consumer's wealth; there are less people who want to own. In the survey result from Barnes and Mattson's study (2016), financial benefits are one of the main reasons why people opt to participate in sharing companies. In addition, Böckmann (2013) calls this an act of access over ownership or hedonic as consumer can experience to own expensive and luxury goods temporarily in an affordable cost.

#### 2.4.2 Social Drivers

Being connected and able to interact with one another makes sharing economy more effective. Thus, sharing starts within its personal network of family and close friends but the advancement of technology opens an opportunity to share among strangers (Schor, 2014). In order to be part of the sharing system, Mohlmann (2015) emphasizes convenience, cost-savings, and the sense of belongingness to a community are the important factors that lead to the system of trust. While it may be true that people are having a hard time in entrusting their possession to strangers, the use of eWOM (Goh et al., 2016), ratings, and peer reviews are becoming the arbiter of quality. Therefore, this new norm solidifies the reputation of the sharing companies making consumers trust the new system.

Humans are social by nature, especially these days where social media are on the rise. Sharing economy compliments the need of the new consumers as it opens a new channel to interact with strangers that leads to authenticity of its experience. Moreover, people became more altruistic with all the social and environmental issues that it faced. Hence, sharing economy gives importance to social inclusion and promotes environmental sustainability.

### 2.4.3 Environmental Drivers

When people start to share, people learn to optimize idle and underutilized assets that reduce production cost and waste leading to high growth of environmental sustainability. In a research done by PwC (2016), 76% of the consumers agreed that sharing economy is better for the environment, which transposed to less consumerism, less materialism and more of a community building approach.

Despite the widespread belief, Mohlmann (2015) contested that the primary motivations for continue engagement is personal satisfaction rather than the influence to environmental sustainability. Monetary benefit is more appreciated in sharing economy. However, Tussyadiah (2016) justify that participating in sharing economy can satisfy consumers' internal ideology and desire to become an active and responsible citizen that conforms to the new norm.

### 2.5 Legal Issues

Sharing economy has disrupted traditional companies and has established tough competition since then. Scrutiny has increased from traditional companies and has criticized its operation as it violates regulations, evade taxes, displace traditionally secure jobs, facilitate labor exploitation, cultural biases and increase local rents (Cheam, 2016). Authorities are becoming more sympathetic with conventional companies and try to mitigate the disruption by regulating sharing companies. A good example is in Indonesia, where government is torn between traditional companies and the needs of the people over transportation like Gojek (Azzuhri et al., 2018). Hence, sharing companies should work with local governments to educate them about their real business model and comply what is required to make their operations to become formal that abides regulation and taxation.

### 2.6 Sharing Economy in the Philippines, Singapore, and South Korea

#### 2.6.1 The Philippines

The Philippines' susceptibility to technological change has made sharing companies entrant easy due to the rapid growth of younger generation and the constant growth of country's economy. Since the time Airbnb decided to expand its operations in the Philippines, its growth has escalated year over year as many tourists all over the world prefer to stay in a local house to immerse themselves in the local culture aside from the monetary value it gets. These days, Filipinos are now more accustomed in staying in an Airbnb especially when traveling internationally.

#### 2.6.2 Singapore

Sharing companies have eyed Singapore as one of their first choice before they entered the Southeast Asia market. As tourism plays as one of the biggest contributors in Singapore GDP, sharing economy saw a promising future in the country. To date, there are now over 6,000 listings on Airbnb in the country and has severely affected local hotels' profits. Furthermore, Singaporeans, whose business is involved in sharing

economy by nature has established an association called “Sharing Economy Association Singapore or “SEAS” with the aim to become a regional hub for sharing companies.

### 2.6.3 South Korea

Sharing is not new to South Koreans as they have made a nationwide effort to bounce back from the aftermath of 1997 Asian financial crisis by trading their own items at bargain prices. Hence, sharing companies was welcomed in South Korea, especially with the easy adoption of technological advancement in Seoul. The Seoul City government has accepted its presence and is being used to deliver public services that create economic activity, reduce waste and build communities (Cheam, 2016). To date, there are now a variety of sharing companies that operates in the city ranging from accommodation to other services and the city is even declared as “sharing city”.

## 2.7 Accommodation Sharing - Airbnb

Its inception in 2008 has started to disrupt the hospitality industry as it provides lower price accommodation and address the imbalance of hotel rooms during peak season. What makes it unique is the collaboration between local community by providing a platform to connect with people around the world and offer their underutilized rooms for a fee. Furthermore, travelers have now evolved and wanted to experience a different concept of traveling by blending with the locals while they can save in paying a hotel accommodation that matches its needs.

Airbnb’s “home away from home” concept has become a success story for about nine years and has an over three million listing, 200 million total guests and present in over 191 countries worldwide. Reuters (2016) reported that the company valuation might reach for about \$30 billion in the next few years, which will make it as the fastest growing company (where a company does not own a single room). In the study of Guttentag (2013) Airbnb is a trusted community marketplace for people to list, discover and book unique accommodation around the world. It is a peer-to-peer platform which enables people to rent residential units (including their own homes) on a short-term basis (Konrad and Mac, 2014; Lashinsky, 2015; Martin, 2015).

In the study of Tussyadiah (2016), Botsman and Roger (2010) Airbnb was founded by Brian Chesky and Joe Gebbia in 2008, San Francisco, California. The initial concept was to rent out their rooms like a bed and breakfast. Where guests can sleep in their air mattresses during peak periods when there is scarcity of hotel accommodations in cities because of large number of tourist and conventions. They soon realized the potential need of this market and joined with programmer Nathan Bleckarczyk that broke ground as one of the pioneers in peer-to-peer app that specializes in travel accommodations.

Unlike traditional hotels that keep room inventories, Airbnb relays its room capacity by increasing its scale of hosts that can provide space and matches it to travelers. This enables Airbnb to save cost in the upkeep of physical assets. Furthermore, Airbnb facilitate and provide an online platform that enables users and guests to register, create a personal profile and match the needs based on participant’s requirements.

### 2.7.1 Airbnb Business Model

As a disruptive innovation in tourism industry, Airbnb offers a novel business model, built around modern internet technologies and Airbnb's distinct appeal, centered on cost-savings, household amenities, and potential for more authentic local experiences (Gutierrez et al, 2016; Guttentag, 2013). Its business model differs from companies that connect business to consumer like Expedia, Bookings.com or Tripadvisor.com for travel related booking, Airbnb business model is a direct contact between individuals which may offer rooms for a fee (at a low prices) or free (Couchsurfing).

To summarize Airbnb's business model, Table 2 below illustrates the important elements that play roles in Airbnb using Osterwalder's business model canvas.

Table 2. Airbnb Business Model Canvas

Key Partners	Key Activities	Value Proposition	Customer Relationship	Customer Segments
Investors, Online payment providers Local Photographers	Online Platform provider Maintenance and upgrade of system Marketing Advertisement Community Management Predictive Algorithm <b>Key Resources</b> Platform Host Listings	Monetize underutilize resources Trusted community	24/7 Support Team Secure customer transaction Ease of use website/app <b>Channels</b> Website, App and socila media Adverstising eWord of Mouth	Business and Leisure Travelers Residential Owners
<b>Cost Structure</b> Online Payment Development and maintenance of Platform Insurances Government related expense		<b>Revenue Streams</b> Guest Booking Fee 6 to 12% Host Booking Fee 3%		

### 2.7.2 Airbnb Business Model

Airbnb streamlines its operations by acting as an intermediary for host and guest to interact and arrange a short-term rental company economy outside of the traditional rental industries such as hotels or bed and breakfast (Airbnb, 2014). They promote community marketplace by providing an online platform that facilitate its transaction.

Every property is associated with a host, whose profile includes recommendation by other users, reviews by previous guests, as well as response rating and private messaging system that will enable to build trust (Yu, 2012). The profile can be the basis for guests to research more about the host. In addition, Airbnb allows users to provide the room/house descriptions, photographs of the place, its amenities, detailed information about the neighborhood and create their own house rules for the guest to view and get familiar with. On the other hand, Airbnb advices the host to be familiar with the local rules, zoning restrictions, tax regulations and apply their own property insurance as the terms and condition of their service.

If the guest is interested to make reservation, guest is required to message the users directly thru Airbnb private messaging system. Users have at least 24 hours to accept or decline the request (Airbnb). The price of the accommodation will vary depending on the

users liking, where guest is charged by 6-12% fee on top of the reservation and the host is charged by 3% of the per-night rate for every booking which covers the processing cost of guest payments (Airbnb, 2015). Even though Airbnb allows host to do their own pricing, they have provided predictive pricing algorithm that will recommend price on their space listed.

Airbnb facilitates secured online payment within 24 hours after guest check-in. On the other hand, guests rely on past user reviews, response ratings and recommendations of other users for credibility. This becomes the basis of customers' satisfaction and evaluation of the hosts and the guests to build trust with one another.

### 3. FINDINGS

Much literature has attempted to provide clear background of sharing economy and its implication to each sector. Most of the previous works have provided qualitative insights in order to shed light and provide clear definition and understand sharing economy especially in the field of consumer behavior, legal and economic aspects. After reading several journals, only 10 were found that has applied quantitative analysis by using ordered logit models (OLS), structural equation modeling (SEM), exploratory factor analysis (EFA), confirmatory factor analysis (CFA) and multitrait-multimethod (MTMM) in order to test the validity and reliability of the study as shown in Table 3.

Table 3. *Summary of Previous Study*

Country	Author	Year	Statistical Tool	Sample Size
Amsterdam	Böcker, L and Meelen, T.	2017	OLS and Multivariate Analysis	1330
United States	Gefen, D.	2000	MTMM and CFA	217
Taiwan	Chiu, C., Hsu, M., and Wang, E.	2006	CFA and SEM	310
Finland	Hamari, J., Sjöklint, M. and Ukkonen, A.	2015	SEM	168
Taiwan	Chiu, C., Hsu, M., Lai, H., and Chang, C.	2010	SEM	462
China	Kwahk, K. and Ge, X.	2012	SEM	233
Indonesia	Wahono, F. and Kartika, E.	2017	Mean, Median and Mode	208
Canada	Guttentag, D.	2016	EFA	816
United States	Hwang, J. and Griffiths, M.	2017	EFA, CFA and SEM	122
Canada and USA	Liang, L.	2015	CFA and SEM	395

Wahono and Kartika (2017) focused on gathering respondents from millennials in Surabaya, Indonesia in order to understand why Indonesian millennials have started to use Airbnb. Results showed that Indonesian millennials value consumer-centric experience changing the buying behavior that leads towards to the culture of trust, openness and transparency through customer experiences and bonding through social media networks. E-commerce and social media have a significant effect in promoting collaborative consumption especially using electronic word-of-mouth (eWOM) as it makes it easier to promote the service. According to Susilowati et al.'s (2018) research, eWOM has a positive relationship with perceived value and perceived quality to destination image. Kwahk and Ge (2012) also point out that social media are an effective medium in Chinese consumers' purchase intention in e-commerce. Informational social influence can provide information and knowledge effectively and can greatly result in a positive purchase intention of e-commerce than normative social influence. Chiu, Hsu, and Wang (2006) focused on their study in understanding the influence of social capital

and outcome expectations in knowledge sharing in virtual communities. The result of the study showed that social interaction ties, reciprocity and identification increased a person's quantity of knowledge sharing but not knowledge quality. However, social interaction ties, reciprocity and identification have indirect effect on knowledge quality through trust.

Böcker and Meelen's (2017) studies revealed that respondents from different socio-demographic, users and providers have different motivational reasons in participating in a sharing economy. In the study of Gefen (2000), consumers who are familiar with the vendor and the procedure it offers can lead to trusting its service and can increase its possibility in engaging itself in e-commerce. The result in Chiu, Hsu, Lai, and Chang's (2010) study shows that utilitarian and hedonic value can lead to satisfaction; while satisfaction and familiarity are antecedents to habit. Furthermore, trust has a significant effect on repeat purchase intention. In addition, Hwang and Griffiths (2017) study has pointed out that millennials are important segment in the growth of sharing economy. It also reveals that millennials give more importance to hedonic value that they can receive when participating in sharing economy. The degree of enjoyment and pleasure are critical in order to participate in sharing economy. Furthermore, there is a positive relationship between empathy and intention as well as attitude and intention.

Guttentag (2016) has focused his study in knowing the reason why tourists chose to stay in Airbnb. Hence, results show that the strongest motivations of the tourist involve cost and other practical reasons. Furthermore, Hamari et al. (2015) have attempted to find the reason why people participate in collaborative consumption by deploying survey to collaborative consumption users. Result yielded present that intrinsic motivation such as enjoyment is essential role towards the attitude formation of collaborating consumption. On contrary, sustainability is not directly related with participation of collaborative consumption unless the respondent values ecological consumption.

Liang (2015) has examined the repeat intention of Airbnb consumer through perceived values, perceived risk, perceived authenticity and sensitivity price. The results showed that tourists who use Airbnb are not only concerned with price but they actually seek for more authentic local experience in order to repeat its usage of Airbnb services.

#### 4. CONCLUSION

The millennials have changed how travel should be. Traveling has becomes more affordable and engaging as millennials want to part take and experience more authentic ways of traveling. Studies have shown that millennials can easily trust new innovations, even trusting their belongings and safety to a strangers. This is why Airbnb's growth has been increasing exponentially over the years. Furthermore, social media, ratings and eWOM has become the medium of trust as this became the quality basis of sharing economy users.

Sharing participants take to consideration familiarity, utilitarian (economic benefit) and hedonic value (enjoyment or pleasure) as their motives in participating in sharing community. However, studies cannot neglect the fact that cost or price and practical reasons is the main reason why travelers participate in sharing community.

As an end note, trust plays a crucial role in sharing economy. Thus, trust is the mediating factor in order for consumer to continue participating in sharing economy. In the survey conducted by PwC in 2015, 88% of consumer agreed that sharing economy is based on trust between two strangers and 69% respondents that they would not trust sharing economy companies unless its recommended by someone who they trust. Now, the challenge for sharing economy companies is to maintain the level of trust of its consumer to ensure its sustainable growth.

## 5. LIMITATIONS AND FUTURE RESEARCH

This research has its limitations that need to be addressed by future research. First, the present research has attempted to study Airbnb despite other alternatives that are present in the area. Second, the coverage of the study is only five years as Airbnb started in 2013. Third, the chosen respondents of this study are focus on three countries (the Philippines, Singapore and South Korea), even though Airbnb is present in other major cities. Lastly, legal and economic aspects are not the focus of this study. Hence, future researchers may dig deep on this matter in order to help local government regulate sharing economy correctly.

Furthermore, a quantitative method may be added in this study by doing online survey on three target countries such as Philippines, Singapore and South Korea with a total population size of 600 in order to fully understand and analyze the motivational factor of tourist using Airbnb as part of their travel plans. Moreover, the researcher can use the Haye's Process Macro to test the reliability and validity of the result in order to compare it to the previous studies.

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