

Attitudes and Motivations of Consumers in Sharing Economy

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Abstract: This study first provides a brief overview of the theoretical background of sharing economy, then it discloses the main results of our research related to consumer behaviour and consumer attitudes. By using our qualitative results, we have identified the main consumer motivation factors that we later used in our country-wide quantitative research for the classification of sharing economy users into 4 groups. The first group includes those enthusiastic frequent users who are less motivated by the economic benefits, they rather pursue the good experience in using these services. The second group consists of users who are definitely motivated by better prices. The third group is made up of environmentally conscious consumers who support sustainability not just on the level of attitude, but also on the level of actions. The fourth group embraces occasional users, not necessarily enjoying the personal touch, they rather use sharing-based services only in the case of attractive offers.

Keywords: sharing economy, community management, digital technology, consumer behaviour

1 Introduction

With the development and worldwide spreading of digital technologies and devices, the number of transactions between digitally connected private individuals is on the rise. People unknown to each other get in contact in this environment, they close deals primarily based on mutual trust, typically without entering a contractual relationship known as a basic requirement in the traditional business environment.

Business transactions between private individuals can occur in multiple ways, either by buying/selling second-hand products or by sharing a product, i.e. when the owner of a product shares the particular product with someone else. In both cases, the first point of contact is facilitated by a digital platform. This was first defined by R. Botsman and R. Rogers in their best-seller book as ‘collaborative consumption’, which is an umbrella term that incorporates sharing-based community services or sharing economy as a key element.

2 Theoretical background, review of the related international literature

In this study, we essentially focus on sharing economy. This relatively new business model is definitely expanding. Several definitions have emerged for the sharing economy over time but there has been no consensus about a commonly accepted definition, supposedly due to the dynamic development of the new model. Other terms often used are ‘gig economy’ and ‘peer to peer economy’. Based on a thorough review of the international (scientific) literature and on our research, we believe that out of the interpretations we have seen, the definition we found in a PwC study is an appropriate starting point that fairly captures the substance of sharing economy: ‘Users share their unused capacities or untapped resources (e.g. tangible assets, services, money) with each other on an on-demand basis, i.e. immediately when the need arises. They usually do this through an IT platform, on the basis of mutual trust, with special consideration given to personal interaction and communal experience, while striving for sustainability.’

In our opinion, knowledge and information could be mentioned next to the unused capacities and resources in the above definition. The sharing of information and knowledge is getting more and more widespread, so this can well become part of the sharing economy model, though there is no or relatively restricted monetisation in this case. The IT platform, where supply and demand first meet, is typically operated by an independent legal entity for profits.

Another approach, often called access (platform) technology, has also gained ground lately (first mentioned by Eckhard-Bardhi in 2015). This model is aimed at the successful running of the platform, so that its value increases in time for the benefit of the platform’s owner, while facilitating transactions between individuals is simply less of a priority.

For all these models it is commonly true and it becomes a matter of fact that when a new activity is being launched, private individuals first share their unused capacities with each other on an occasional basis, but later, as the model turns successful, new participants will also join the model and they will start sharing their assets for profit, on a commercial basis, not just occasionally like people did at the

beginning. This can raise fiscal and regulatory issues; most of the countries are trying hard to properly address them, but this subject is out of the scope of this study.

The success of sharing economy lies most of all in the fact that an extraordinarily large number of people can get in contact with each other through a digital platform, where supply and demand can meet quickly and efficiently, allowing a genuinely dynamic pricing. All these success factors, along with the relatively easy entry to and exit from this market segment, make it clear that sharing economy – within its own limits – is fairly close to meet the criteria of perfect competition (Buda-Lehota, 2016).

Having said that, there is one other important prerequisite for the transactions to be successful – (mutual) **trust between participants**. This is largely guaranteed by the evaluation systems operated by the digital platforms. These systems ensure that both sellers and buyers keep having a good conduct, otherwise they will be disqualified for future transactions according to the logic of the system. The creditworthiness built up this way will **allow for lower transaction costs**. The existence of transaction costs was first mentioned by R. Coase in his article titled “The Nature of the Firm” in 1937, and his concept has by now become one of the key principles of institutional economics. Obviously in agreement with Coase, we believe that a part of the transaction costs disappears in the case of sharing economy, and transactions get regulated again by the market.

Categories of sharing economy

The sharing economy model basically originated from the “consumer to consumer” (C2C) business model. Private individuals got in contact with each other through a digital platform and shared their spare devices, knowledge or tangible assets. Such services are provided for instance by Uber, AirBnB or BlaBlaCar, but information and knowledge is being shared by people on Skillshare, Wikipedia or even Facebook. In all cases, platform operators are independent businesses maintaining their platforms for profit. Monetization occurs in certain cases that have become typical, well-known examples of sharing economy, but we are of the opinion that Wikipedia and Facebook belong to the same category, the slight difference being that people share knowledge and information here, typically free of charge. It is important to note that the sharing of knowledge and information is often detrimental to the business of traditional suppliers of these values.

Building on the success of the initial operating logic, a new direction has also emerged in the economy: the so-called “business to consumer” (B2C) model, in which the company not only operates the platform, but it also provides the products and services as supplier, replacing the individual owners. However, this is not any more just about sharing the already existing spare assets or the unused capacity of properties, but it’s more about ensuring the best utilization - typically through short-term renting as long as demand effectively exists - of a product portfolio specifically set up for this purpose (Mol Bubi, ZipCar, Car2Go, ReachNow owned by BMW car

sharing (new innovation¹), Netflix, Spotify). These are portfolios meant for community use and shared on *on-demand* basis.

Table 1 below provides an overview of the models described above:

Model	Typical examples
B2C	BMW Carsharing, Spotify, Netflix
C2C	Uber, Airbnb, Peerby, Facebook, Youtube, Skillshare

Table 1
models of sharing economy (own source)

3 Research: objectives and results

We hereby present the objectives and results of our research. In this study, we basically aimed to analyse consumer behaviour in order to identify what motivates consumers to use sharing-based community services on one hand, and to investigate what makes a consumer who has already used sharing economy different in attitude from a consumer who has not yet used such services on the other hand. In their study, J. Hamari et al (2005) listed sustainability, enjoyment of the activity, and economic benefits as main motivation factors. Based on our research, we managed to confirm these factors and to add a few more to the list.

We are presenting below the results of 2 studies we carried out in relation to consumer behaviour. The first research involved 18 in-depth and 2 focus group interviews, while the second one was completed by conducting an online survey that targeted customers with online shopping experience in Hungary (457 respondents, of which 150 persons have already used sharing-based services). In this study, we used cluster analysis to analyse the attitudes of sharing economy users.

3.1 In-depth and focus group assessments

All in all, as already established in our previous article (Buda-Lehota, 2016), community services – that are globally widespread, thus also present in Hungary –

¹ Forbes, 29th Nov, 2016 - BMW's Car Sharing Program Launches ReachNow Fleet Solutions new innovation,
<https://www.forbes.com/sites/jasonfogelson/2016/11/29/bmws-car-sharing-program-launches-reachnow-residential/#7e23de6b5bce>

are well known and generally accepted among certain consumer groups since they are true alternatives to services provided in the traditional business model.

While conducting the interviews, we first focused on the identification of consumer drivers that we later used in our next study, the country-wide research. Based on this work, we have identified the following motivation factors: better price, flexible system, immediate or very quick reaction/response, easy and transparent use, fairness, reliability, credibility, trendiness, personal experience, cashless settlement, traceability.

Sustainability, as a motivation factor, has not been separately mentioned by participants, but when asked as a general matter whether they find it important and if they do, what they would be willing to do for sustainability, it turned out that most of the respondents not only find it important, but are also actively supporting it (e.g. through selective waste collection, use of public transport, etc.).

Another important finding of our research is that people using sharing economy typically belong to those internet users who are open to novelties, frequently use applications, and regularly use their bank card for purchases. Furthermore, they are flexible, extroverted, cost-sensitive and environmentally conscious people.

Based on the above, we have set the following categories for the country-wide online survey:

General attitudes: cost-sensitivity, trust towards private individuals, activeness on social media, attitude towards sustainability

Special attitudes specific to sharing economy users: consideration of economic benefits, use of services for joy and fun, use and appreciation of the available systems of evaluation

We prepared the questionnaire for the country-wide online survey along these elements. The relevant part of the results is summarized below.

3.2 Country-wide online survey

The data collection was carried out between 20 and 28 February 2017, with the questionnaire completed by 452 respondents, of whom 150 have already used sharing-based community services. We focused our analysis on those 150 responses, who have already used sharing economy services. We used the SPSS software to analyse the collected data.

The structure of the sample was the following: the average age of the respondents was 37.23 years, with a deviation of 8.6 years. Women were highly overrepresented in this sample: 95 women filled in the questionnaire, compared to just 55 men. The vast majority (70%) of the participants live in Budapest. University graduates accounted for 81% of the sample, being largely overrepresented, but we assume that this is exactly the segment that typically uses sharing-based services; in fact, this is

the primary target segment in the sharing economy so the results can fairly reflect the consumer behaviour patterns.

Review of responses from sharing economy users only

We dealt exclusively with the attitudes of sharing economy users (150), searching for specific clusters within this group. We isolated the clusters in consideration of both general consumer attitudes and special attitudes specific to sharing economy users as you can find in chart no 1. Further, we investigated the association of the clusters with sociodemographic variables on one hand, and with other variables closely related to sharing on the other hand. Based on our questionnaire, we elaborated the model illustrated below. We searched for the clusters on the basis of the main factors (such as economic benefits, sustainability, use of services for joy and fun, credibility) that influence participation in the sharing economy; these factors had already been identified from our previous in-depth interviews and focus group assessments.

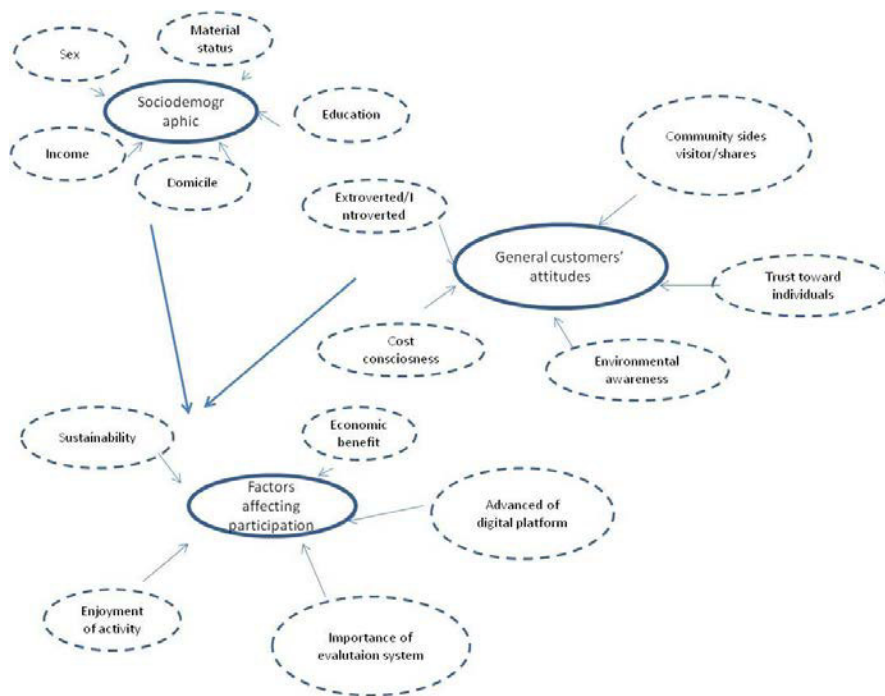


Chart 1.

model about investigation of consumers' motivation and attitudes among sharing economy users

Then we ran a cluster analysis for the sharing economy users, and identified 4 clusters. As part of the cluster analysis, we worked with the general consumer

attitudes that we have introduced earlier, and we extended these by adding consumer attitudes that are explicitly specific to consumers who have already used sharing-based services. The results are included in Table no. 2. below. The table does not contain sociodemographic variables, these have been included in the narrative analysis. *(The rows in the table do not point to factors, but to aggregate categories that are based on the similar trend of averages)²*

General and sharing related attitudes / Clusters (4)		Enthusiastic, not price sensitive consumers (21 people)	Price sensitive consumers (29 people)	Environmental conscious users (54 people)	Casual users (46 people)
General consumer attitudes	Cost awareness	+	+++	++	+
	Trust toward other individuals	++	-	+	-
	Activity on community sides	+++	+	++	+
	Doing for sustainability	+	-	+++	+
Sharing related attitudes	Economic benefit	+	+++	++	--
	Enjoyment	+++	--	++	---
	Frequency	+++	+	++	--
	Rating of evaluation system	++	++	+	--

Table 2

clusters by user groups (own source)

+++ very characteristic, ++ fairly characteristic, + more characteristic than not
'- - - very uncharacteristic, - - fairly uncharacteristic, - rather uncharacteristic
by rows, by categories

The categories listed above proved to be significant during the cluster analysis (we only dropped 2 factors from the sharing economy attributes as they were not significant).

We recognized 4 clusters based on the above-mentioned variables.

The first cluster includes 21 participants: those **enthusiastic and open private individuals** who have used sharing-based services not only for financial reasons but also because they literally enjoy both using and offering sharing economy services. These people are typically extroverted, active on social media, and consider sharing as a trendy activity.

² In cluster analysis ANOVA-test was performed to determine the significance of cluster forming variables. Differences were considered significant if $p < 0.05$.

The second cluster is made up of those 29 **price-sensitive consumers**, to whom it is of utmost importance in general that they purchase at the best possible price, they usually go for products and services on sale. This group uses social media to a certain extent, without being very active on these websites though. They do not unconditionally trust private individuals, thus they strongly rely on the evaluation systems in place, which they find very important as these systems provide them with trust and safety (they do not risk their money or property).

The third cluster consists of those 54 **environmentally conscious people** who find sustainability very important, so much so that they are ready to take actions for it. These people feel good when using sharing-based services, they truly value being part of this community. They visit social media websites but they do not often share on these websites.

The fourth cluster includes those 46 **occasional users** of sharing economy services who are the least price-sensitive within sharing economy users and less open to novelties (again within sharing economy users) but have already used some sharing-based services when they really needed. They do not think that sharing is trendy, they rather find it more important to satisfactorily address their own needs.

We also reviewed the sociodemographic variables and sharing-related issues that are not directly related to behaviour/attitude in the above-mentioned clusters. Although we noted some differences, none of them was significant, which we presume is partially due to the low number of elements in the sample.

4 Conclusions

This study was meant to deliver a fair view on the substance of sharing economy, which allows for sharing not only unused capacities or assets, but also other resources in a broader sense, such as knowledge and information. The main goal of our research was to identify and describe consumer behaviours, attitudes and motivation factors. The results of our country-wide online survey have led us to the conclusion that we can form 4 clusters of sharing economy users based on their consumer motivations. The first group includes those enthusiastic frequent users who are less motivated by the economic benefits, they rather pursue the good experience in using these services. The second group consists of users who are definitely motivated by better prices. The third group is made up of environmentally conscious consumers who support sustainability not just on the level of attitude, but also on the level of actions. The fourth group embraces occasional users, not necessarily enjoying the personal touch; they rather use sharing-based services only in the case of attractive offers. Our online survey in Hungary has demonstrated that it is not just the price that motivates users to be part of the sharing economy market, but also the personal touch and interaction, as well as the reliability and credibility of the supporting systems.

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