

# **Sustainability Potentials of the Sharing Economy**

The case of accommodation sharing platforms

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## **Abstract**

The sharing economy facilitated by the technology-driven utilisation of underused assets is an umbrella for a variety of sectors and platforms. The concept includes peer-to-peer, business-to-business and business-to-consumer platforms, which are celebrated for their potential to facilitate a transformative change towards a sustainable society grounded in access over ownership principle, empowerment, inclusiveness, democracy and an economically, environmentally and socially sound way of delivering value. While claims emphasising the sustainability potentials of the sharing economy are ubiquitous in the literature, research on the sustainability implications of the sharing economy is scarce and the potentials have not been contested in scientific studies. Critics of the sharing economy have brought to light some of the negative repercussions sharing platforms might create, for example exacerbation of wealth inequality, increase of environmental degradation and a race to the bottom. This thesis takes an explorative approach and synthesises the overarching sustainability claims inherent to the sharing economy, which are then tested in the accommodation sector. The analytical framework utilised for the discussion of sustainability claims was devised from the literature and primary data was collected via ten in-depth interviews with providers of accommodation sharing platforms and a survey with their users. The research found a wide spectrum of business models and identified different sustainability implications for each type of the accommodation sharing platforms.

**Keywords:** The Sharing Economy, Accommodation Sharing Platforms, Sustainability, Claims, Potentials, Tourism

# Executive Summary

## Problem introduction and research objectives

Wealth inequality and unsustainable consumption are pressing issues which have been on the agenda of the United Nations. The concept of the sharing economy promises to tackle these problems by allowing low-income members of the society who can utilise their homes, cars and stuff with idle capacity to earn extra income or even support themselves financially through sharing platforms. Proponents of the sharing economy also claim that people who share their things help tackle unsustainable consumption and that sharing is overall beneficial to the economy, the environment and the society. However, a number of studies have emerged with similar results: the potential of the sharing economy to tackle some of the contemporary global issues is relevant, but the extent to which this is realised depends on each platform. While current research has concentrated on mobility platforms such as ride-sharing (technology-enabled hitchhiking) and car-sharing (where a car is shared between more people), the accommodation segment of the sharing economy has not been covered sufficiently as most of the literature appears to focus on the large accommodation sharing platforms such as Airbnb and Couchsurfing. However, the sharing economy covers numerous segments which in turn include a myriad of platforms with diverse business models. The discussion on the sharing economy is therefore incomplete without acknowledging its variety.

This thesis focused on one of the segments of the sharing economy: short-term accommodation, with the aim to investigate the claims about the potentials of the accommodation segment of the sharing economy. Subsequently, the study developed two objectives: (1) to identify claims about the sharing economy pertinent to the accommodation sharing segment; and (2) to analyse whether and how accommodation sharing platforms fulfil the claims associated with the sharing economy.

## Methods employed

### *Objective One*

Secondary data collection was employed in order to fulfil the first objective. A literature analysis identified a number of claims about the sharing economy which were classified as economic, environmental and social. The following claims emerged from the literature and served as a framework for primary data collection and analysis:

| ECONOMIC CLAIMS |   |
|-----------------|---|
| #               | Claim   |
| 1               | The sharing economy creates new economic opportunities as people can capitalise on underused assets |
| 2               | The sharing economy creates new jobs  |
| 3               | Freeriding is avoided as users need to “give to get”  |
| 4               | The sharing economy exists in a legal vacuum  |

|                             |  |
|-----------------------------|--|
| 5                           | The business risk is extended to the users   |
| 6                           | Accommodation sharing platforms extend positive economic impact in the destination                                       |
| <b>ENVIRONMENTAL CLAIMS</b> |  |
| <b>#</b>                    | <b>Claim</b>   |
| 1                           | Sharing addresses overconsumption and the sharing economy business models enable more efficient use of natural resources |
| <b>SOCIAL CLAIMS</b>        |  |
| <b>#</b>                    | <b>Claim</b>   |
| 1                           | Anyone can benefit from the sharing economy  |
| 2                           | The sharing economy creates a sense of community and trust between the users   |
| 3                           | The sharing economy empowers its users   |
| 4                           | The sharing economy creates “micro-entrepreneurs”  |

### *Objective Two*

A mixed method approach was conducted in order to uncover to what extent the identified claims hold true. Qualitative in-depth interviews with providers of ten accommodation sharing platforms were conducted. A quantitative survey was distributed to their users.

### **Main findings**

It was found that there is a wide spectrum of accommodation sharing platforms with specific features. For simplicity, the author grouped them according to the interaction between the users of these platforms: free, reciprocal and rental.

Furthermore, it was found that the claims and potentials of the sharing economy are largely contingent on individual sharing platforms. A number of general conclusions have been drawn from the Analysis and Discussion.

Everything from couches to entire homes is being shared in accommodation sharing platforms. Similarly, almost anyone can take part in it, both as a host and a guest, but participation is restricted by users’ disposable income (guests) and access to underused assets (hosts). This has, however, resulted in many established companies such as bed and breakfasts and hotels to join rental accommodation sharing platforms. Studies show that the sharing economy is growing exponentially. Should it scale up, regulation of certain types of platforms is encouraged in order to avoid widening of the wealth inequality gap. This is not to say that the sharing economy only brings about negative economic effects. If managed properly, it can, and does provide extra income to individuals and brings more capital to municipalities as guests spend more time in the destinations compared to guests in traditional tourist accommodation.

The cheaper way of travelling enabled by these platforms was not found to lead to additional carbon emissions as the vast majority of platform members use them as a substitute to the incumbent hotel industry. In addition, social interaction and cultural exchange is encouraged in sharing platforms, especially the free ones, which possibly leads to a greater awareness of environmental issues.

A difference in social implications was found across accommodation sharing platforms. Empowerment of users was found to be encouraged by free platforms while users of rental platforms did not feel they could influence how the platform operates. Moreover, while some of the hosts of these platforms are professional companies, the platforms mainly allow individuals to generate additional income. However, the benefits of these platforms reach far beyond monetary gains.

## **Recommendations**

Accommodation sharing platforms can use this thesis to expand their knowledge on their sustainability potentials and implications. They are encouraged to cooperate with municipalities on a common sustainability goal. It was already found that they are open to discussion on regulation, which is another topic they can cooperate on. They can also use this thesis to find best case scenarios to solve the issues they are facing. This can be applied for example should the platform consider offering damage insurance or changing their current service. They could also find answers on how to offer a sustainable service and for example encourage environmentally sound behaviour or reach out to their disadvantaged users. Comprehensive recommendations will depend on the type of the platform and the issues they face. Free platforms might be interested in avoiding freeriding; reciprocal in tackling legal issues or how to effectively communicate their business model to the public sector; and rental in the ways they are expected to influence their users and the short-term accommodation market in the future.

Similarly, the public sector such as municipalities and tourist authorities should realise the difference between sharing platforms and encourage a cooperation on sustainability goals as well as a discussion on regulatory and legal issues. It is important to point out that sharing platforms view the public sector as their partners and are open to discussion. Should legal authorities decide to regulate certain platforms, there are materials and best practice scenarios cases available on how to do so in an effective way which will be beneficial for all parties involved. The literature analysis shows that the sharing economy is here to stay and is expected to grow in the future. Regulatory measures and guidelines will become increasingly important and policy makers are encouraged to consider all actors involved.

Users of sharing platforms will find useful information on how their consumption patterns influence a wide array of economic, environmental and social aspects of their consumer decisions when they choose to book their trip on an accommodation sharing platform.

# Table of Contents

|   |             |
|---|-------------|
| <b>ACKNOWLEDGEMENTS</b> .....   | <b>I</b>    |
| <b>ABSTRACT</b> .....   | <b>II</b>   |
| <b>EXECUTIVE SUMMARY</b> .....  | <b>III</b>  |
| <b>LIST OF FIGURES</b> .....  | <b>VII</b>  |
| <b>LIST OF TABLES</b> .....   | <b>VIII</b> |
| <b>ABBREVIATIONS</b> .....  | <b>VIII</b> |
| <b>1 INTRODUCTION</b> .....   | <b>9</b>    |
| 1.1 PROBLEM DEFINITION .....  | 9           |
| 1.2 RESEARCH GAP .....  | 10          |
| 1.3 RESEARCH AIM AND OBJECTIVES .....   | 11          |
| 1.4 METHOD .....  | 12          |
| 1.4.1 Secondary data collection .....   | 12          |
| 1.4.2 Primary data collection .....   | 12          |
| 1.4.3 Data analysis .....   | 13          |
| 1.4.4 Limitations .....   | 14          |
| 1.4.5 Scope .....   | 14          |
| 1.5 AUDIENCE .....  | 15          |
| 1.6 DISPOSITION (OUTLINE) .....   | 15          |
| <b>2 LITERATURE ANALYSIS</b> .....  | <b>17</b>   |
| 2.1 INTRODUCTION .....  | 17          |
| 2.2 DEFINITIONS .....   | 17          |
| 2.2.1 Sharing .....   | 17          |
| 2.2.2 The sharing economy .....   | 18          |
| 2.3 THE ACCOMMODATION SEGMENT OF THE SHARING ECONOMY .....  | 19          |
| 2.4 TYPOLOGY OF SHARING PLATFORMS .....   | 20          |
| 2.5 MOTIVATIONS TO JOIN ACCOMMODATION SHARING PLATFORMS .....   | 23          |
| 2.6 SUSTAINABILITY POTENTIALS .....   | 24          |
| 2.6.1 Economic claims .....   | 25          |
| 2.6.2 Environmental claims .....  | 30          |
| 2.6.3 Social claims .....   | 34          |
| 2.7 FRAMEWORK FOR DATA COLLECTION AND ANALYSIS .....  | 36          |
| <b>3 FINDINGS</b> .....   | <b>39</b>   |
| 3.1 SURVEY FINDINGS .....   | 39          |
| 3.1.1 Demographics and platforms .....  | 39          |
| 3.1.2 Hosts .....   | 40          |
| 3.1.3 Guests .....  | 42          |
| 3.1.4 Hosts and guests .....  | 43          |
| 3.2 INTERVIEWED PLATFORMS: AN OVERVIEW .....  | 43          |
| 3.2.1 Free platforms .....  | 44          |
| 3.2.2 Reciprocal platforms .....  | 45          |
| 3.2.3 Rental platforms .....  | 47          |
| <b>4 ANALYSIS</b> .....   | <b>49</b>   |
| 4.1 ECONOMIC CLAIMS .....   | 49          |
| 4.1.1 The sharing economy creates new economic opportunities as people can capitalise on underused assets ..... | 49          |
| 4.1.2 The sharing economy creates new jobs .....  | 50          |
| 4.1.3 Freeriding is avoided as users need to “give to get” .....  | 51          |



|          |   |           |
|----------|---|-----------|
| 4.1.4    | <i>The sharing economy exists in a legal vacuum</i> .....   | 52        |
| 4.1.5    | <i>The business risk is extended to platform users</i> .....  | 54        |
| 4.1.6    | <i>Accommodation sharing platforms extend positive economic impact in the destination</i> .....                                       | 55        |
| 4.2      | ENVIRONMENTAL CLAIM .....   | 56        |
| 4.2.1    | <i>Sharing addresses overconsumption and the sharing economy business models enable more efficient use of natural resources</i> ..... | 56        |
| 4.3      | SOCIAL CLAIMS .....   | 57        |
| 4.3.1    | <i>Anyone can benefit from the sharing economy</i> .....  | 57        |
| 4.3.2    | <i>The sharing economy creates a sense of community and trust between the users</i> .....   | 58        |
| 4.3.3    | <i>The sharing economy empowers its users</i> .....   | 59        |
| 4.3.4    | <i>The sharing economy creates “micro-entrepreneurs”</i> .....  | 61        |
| 4.4      | SUMMARY OF FINDINGS .....   | 61        |
| <b>5</b> | <b>DISCUSSION</b> .....   | <b>64</b> |
| 5.1      | DISCUSSION OF RESULTS .....   | 64        |
| 5.1.1    | <i>Implications for sustainability</i> .....  | 64        |
| 5.1.2    | <i>Implications for the sharing economy</i> .....   | 65        |
| 5.2      | METHODOLOGICAL AND ANALYTICAL CHOICES.....  | 66        |
| 5.2.1    | <i>Methods</i> .....  | 66        |
| 5.2.2    | <i>Analytical framework</i> .....   | 66        |
| 5.2.3    | <i>Research aim and objectives</i> .....  | 67        |
| 5.2.4    | <i>Generalisability</i> .....   | 67        |
| <b>6</b> | <b>CONCLUSIONS</b> .....  | <b>68</b> |
| 6.1      | RECOMMENDATIONS AND SUGGESTIONS FOR FURTHER RESEARCH.....   | 69        |
|          | <b>BIBLIOGRAPHY</b> .....   | <b>70</b> |
|          | <b>APPENDIX</b> .....   | <b>79</b> |

## List of Figures

|             |   |    |
|-------------|---|----|
| Figure 3-1. | 'Hosts/Guests'                                  | 39 |
| Figure 3-2. | 'Age'   | 39 |
| Figure 3-3. | 'Platforms represented in the survey'           | 40 |
| Figure 3-4. | 'Motives - hosts'                               | 41 |
| Figure 3-5. | 'Motives – guests'                              | 42 |
| Figure 4-1. | 'Income distribution'                           | 50 |
| Figure 4-2. | 'Hosts with full-time job and health insurance' | 51 |
| Figure 4-3  | 'Damage insurance'                              | 54 |
| Figure 4-4. | 'Length of stay'                                | 56 |
| Figure 4-5. | 'Distance travelled'                            | 57 |
| Figure 4-6. | 'Trust - all platforms'                         | 58 |
| Figure 4-7. | 'Trust - Rental and free platforms'             | 59 |
| Figure 4-8. | 'Empowerment'                                   | 60 |
| Figure 4-9. | 'Empowerment – platforms'                       | 60 |
| Figure 5-1. | 'Summary of findings'                           | 61 |

## List of Tables

|   |    |
|---|----|
| Table 2-1. 'Accommodation Segment' .....                                | 19 |
| Table 2-2. 'Criteria for accommodation sharing platforms' .....         | 20 |
| Table 2-3. 'Sharing platforms typology'.....                            | 20 |
| Table 2-4. 'Accommodation sharing platforms typology' .....             | 21 |
| Table 2-5. 'Accommodation platforms in the sharing economy' .....       | 22 |
| Table 2-6. 'P2P accommodation sharing platforms' .....                  | 23 |
| Table 2-7. 'Summary of economic, environmental and social claims' ..... | 36 |
| Table 2-8. 'Framework for data collection and analysis' .....           | 37 |

## Abbreviations

B2B – Business-to-Business

B2C – Business-to-Consumer

GHG – Greenhouse gas

IIIIEE – International Institute for Industrial Environmental Economics

P2P – Peer-to-Peer

PSS – Product Service Systems

# 1 Introduction



Source: *The People Who Share* (2015)

## 1.1 Problem definition

The world is currently in a structural crisis caused by two major problems: a high level of economic inequality and climate change generated by unsustainable consumption (The Next System Project, 2015). Wealth inequality has been also identified as a pressing issue by the UN (2013), where the richest 10% own 85% of global assets (Davies, Sandström, Shorrocks, & Wolff, 2001). Wealth inequality manifests itself between countries and within-country. A UN study shows that the share of income owned by the top 1 % is highest in the US where it reaches 19.3%. The figure is also high in Europe at 7.8% in Norway, 9.8% in Portugal or 10.5% in Ireland (UN, 2013). It is crucial to find new ways of tackling this issue as wealth inequality continues to be a problem in countries around the world (Smith, 2001).

The second major problem was identified as unsustainable consumption. CO<sub>2</sub> emissions continue to rise (IPCC, 2014) even after the United Nations Conference on Environment and Development (UNCED) identified dependency on fossil fuels as a pressing environmental issue more than a decade ago. Atmospheric CO<sub>2</sub> emissions are closely linked to the current unsustainable consumption and production patterns, which, according to the United Nations' (UN) action plan Agenda 21, is a major cause of environmental degradation: "Special attention should be paid to the demand for natural resources generated by unsustainable consumption and to the efficient use of those resources consistent with the goal of minimizing depletion and reducing pollution" (UNEP, 2015, p.1). The  $I=P \times A \times T$  formula (Ehrlich & Holdren, 1971) tells us that in order to reduce environmental impact (I), it is necessary to decrease population (P), decrease resource consumption (A) and develop efficient technologies (T). Environmental policy instruments as well as literature on sustainable consumption mainly focus on technological solutions, but it has become apparent that these solutions alone are not sufficient to tackle current environmental issues, as they do not address increases in production and consumption (Mont & Plepys, 2008; Schor, 2005). Thus, challenging consumption patterns and transitioning to sustainable consumption in developed countries is a crucial step in tackling environmental degradation (Mont

& Plepys, 2008; Lorek, & Spangenberg, 2014). There is no commonly agreed-upon definition of sustainable consumption; however, academic research tells us that it must take into account environmental, social, economic and political aspects (Mont & Plepys, 2008). This view is aligned with that of Agenda 21, which points out that in order to transition to a sustainable society, empowerment of marginalised groups, justice, democracy and international cooperation must be fulfilled.

## The sharing economy

The sharing economy has been praised, especially in the media and grey literature, for having the potential of being a sustainable alternative to the currently unsustainable economy (see for example Rinne, 2014; Gaskins, 2010; Woskowiak, 2014), as it is believed to have the ability to tackle the issues of wealth inequality and unsustainable consumption. Although the sharing economy lacks a common definition, it has been described as peer-to-peer, business-to-consumer or business-to-business sharing/renting/swapping of underutilised assets facilitated by digital platforms (Botsman, 2013; Schor, 2015). Proponents of the sharing economy, which include mainly representatives of sharing platforms, claim that it has the potential of bringing about a fair, sustainable economy. This economy is expected to empower ordinary people for example through access to goods and services they would otherwise not be able to afford or by generating extra income which helps them to pay the bills. Furthermore, the sharing economy could lower carbon emissions and lead to minimising waste generation as it arguably decreases the demand for new goods. It has been even praised for contributing to richer, more fulfilling lives. The claims about the sharing economy will almost make us believe that it serves as a panacea for many sustainability problems, namely wealth inequality and unsustainable consumption. A report by PwC used the following quote by Benita Matofska, a “global expert on the sharing economy”:

*“The sustainable sharing economy uses technology to reshape the world through transforming the need to own. It’s a world in which our collective capability meets our collective needs, where we collaborate to enhance each other’s lives, protect our planet and create wealth from which everybody benefits.” (PwC, 2015a, para. 4)*

However, research shows that while the potentials of the sharing economy to change the current unsustainable consumption patterns and to diminish wealth inequality is expected to be substantial, evidence is mixed, depending heavily on each segment of the sharing economy as well as the business model of the sharing platforms.

According to Lorek and Spangenberg (2014), social innovation, which the sharing economy is undoubtedly linked with, is a major driving force for sustainable consumption. However, they warn that alternatives to mainstream businesses, which developed from social movements in the 1970’s, either failed or started to behave like “typical mainstream companies”, thus being unsuccessful in changing the status quo. In order to prevent history from repeating itself, it is important to understand whether and how current alternatives to mainstream businesses, such as the sharing economy, function and how they contribute to sustainable consumption and wealth inequality.

## 1.2 Research gap

While much has been written about sharing platforms and the sharing economy in the media, academic research is scarce, especially on the contribution of the sharing economy to a sustainable society (Heinrichs, 2013; Demilly & Novel, 2014). Contemporary research which touches upon sustainability often does not take into account all sustainability aspects. Instead, it focuses mainly on one aspect of the sharing economy, such as marketing, economic benefits, future business

potentials or issues with regulations (see for example Yannopoulou, Moufahim, & Bian, 2013; Harmaala, 2015; Gobble, 2015; Hellwig, Morhart, Girardin, & Hauser, 2015).

Due to the variety of sharing business models, there are wide gaps in research on the potentials and impacts of the sharing economy, such as its environmental benefits (Demailly & Novel, 2014). Main attention is given to large sharing platforms, for instance the accommodation sharing platform Airbnb or the ride sharing company Uber, while other, smaller in size initiatives are being left out (Crowd Expedition, 2015). In addition, while the sharing economy encompasses a wide array of industries, research has hitherto focused on the mobility segment of the sharing economy with platforms such as Lyft, Uber or BlaBlaCar (see for example Cohen & Kietzmann, 2014 or Steininger, 2014). Furthermore, many publications also focus on the legal implications of the sharing platforms which have sparked attention recently. An exception is a report by the Danish think tank CONCITO on the climate potentials of the sharing economy in Denmark which focuses on Danish car-, ride-, clothes- and tool-sharing initiatives. However, accommodation sharing platforms were not included in this study and the report is currently only available in Danish, making it inaccessible to the global community.

To date, empirical studies dealing with the accommodation segment in the context of the sharing economy have focused mainly on socio-economic profiles and users' motivations to participate in the platforms (Forno & Garibaldi, 2015; Rosen, Lafontaine & Hendrickson, 2011) and the impact on the incumbent hotel industry (Zervas, Proserpio & Byers, 2015; Guttenag, 2013).

Thus, there is an evident lack of empirical research on the contribution of the sharing economy towards sustainable consumption and wealth equality, which are issues identified above.

In order to “exploit the sustainability potential of the sharing economy,” Heinrichs (2013) calls for the analysis of the current state of the sharing economy. He also denotes sustainability sciences as ideal for contributing to the research on the sharing economy as they can utilise inter-disciplinary research and focus on the “bigger picture” of the sharing economy, being sustainability.

### **1.3 Research aim and objectives**

Following the identified problems and research gaps, this thesis will focus on the sustainability claims of the sharing economy and explore whether they apply in the accommodation segment of the sharing economy.

Thus, the aim of this thesis was formulated as follows:

*To investigate the claims about the sustainability potentials of the accommodation segment of the sharing economy.*

This thesis has two objectives.

- 1) *To identify sustainability claims about the sharing economy pertinent to the accommodation sharing segment*
- 2) *To analyse whether and how accommodation sharing platforms fulfil the sustainability claims associated with the sharing economy*

All claims are in some way connected to economic, environmental or social aspects of sustainability.

## 1.4 Method

In order to provide a deeper understanding of the issue, this research employs a mixed methods approach. This chapter will explain the methods employed for literature analysis, data collection and data analysis.

### 1.4.1 Secondary data collection

Literature analysis reviews the existing literature and aims to find the overarching claims that have been made about the sharing economy. The literature analysis focused on economic, environmental and social claims. In addition, it also helped to uncover research gaps and refine and redefine the research questions asked in Ch 1.3.

The reviewed literature included academic papers, grey literature, periodicals and websites on the sharing economy. Skype interviews with four researchers were conducted prior to secondary data collection. These interviews and follow-up document shared with me identified current research and seminal works which served as a starting point for literature analysis. See Appendix A for a list of academic interviewees.

The sharing economy has been widely discussed in the media, especially regarding its potentials and the current issues it is facing, mainly of legislative nature. On the other hand, academic research is still limited. While studies show that there is a need for empirical research which will contribute to understanding the sustainability of the sharing economy, published works on this issue have been thus far of a more theoretical nature. This is also one of the reasons why there is no commonly accepted framework for assessing the sustainability of sharing platforms and the sharing economy at large. Therefore, this thesis developed a framework for assessing the sustainability of accommodation sharing platforms by drawing from economic, environmental or social claims identified in the literature review. These claims were systematised and classified and formed a framework for data collection and data analysis. Only claims which were applicable to the accommodation sharing segment were included in this framework. The framework is available in Section 2.7.

### 1.4.2 Primary data collection

To author's knowledge, no coherent and commonly accepted framework to analyse the sharing economy has been published to date, although some studies have looked at sharing economy organisations from economic, environmental and/or social perspective.

Primary data collection was guided by the analytical framework elicited from literature analysis complemented by three elements of the business model canvas: Customer segments, Value proposition and Revenue streams (Osterwalder & Pigneur, 2010). The business model canvas was utilised to make a distinction between free, reciprocal and rental platforms.

As certain claims can be verified only by the platforms while others only by their users, primary data was collected using a mixed methods approach. Consequently, questions about how the platforms operate were geared towards the people who run the platforms, while questions about the ways the sharing platforms are used were posed to the users. This mixed method approach allowed for richer data collection from two different groups of stakeholders.

#### ***Platforms – qualitative in-depth interviews***

In order to elicit information from the sharing platforms, qualitative data collection in the form of semi-structured interviews was conducted with people responsible for the daily operations of sharing platforms (i.e. president or key account manager). This type of interviews was chosen for

their ability to capture respondents' opinions, and to be able to ask follow-up questions in order to obtain in-depth answers. Initially, 38 platforms were identified through internet search. 20 of those which had contact details available were contacted with a request for an interview. Ten interviews were conducted with eight organisations: 9flats, Airbnb, Behomm, Be Welcome, GuestToGuest, Home Exchange, Trustroots and Warm Showers. See Appendix B for a list of interviewees and their positions. The platforms were selected according to the criteria described in Section 2.4. All sharing platforms were initially divided into three categories: rental, reciprocal and free, based on the economic relationship between the users. Rental platforms were represented by Airbnb and 9 flats; reciprocal by Behomm, Guest to Guest and Home Exchange; and free by Be Welcome, Trustroots and Warm Showers. Six of the interviews were conducted via Skype video conference calls or phone calls, and lasted between 30 minutes and two hours. Due to the interviewees' time restrictions, the remaining four interviews were conducted over e-mail. The interviews were guided by the data collection framework which emerged from the literature. An interview guide is available in Appendix D.

### **Users – quantitative survey**

An online survey was employed to gather data from users of the sharing platforms. It was distributed via sharing platforms where a forum was available (Be Welcome, Couchsurfing and Warm Showers), the Facebook pages of Home Exchange and LoveHomeSwap, and social media in general. The survey questions were guided by the same framework as the interviews but only the claims which applied to the users were verified here.

The survey consisted of five sections. The first section asked five basic questions regarding the demographics - age, gender, level of education completed, geographic location and income level. Users were asked to self-assess their level of income as low, medium or high because the survey aimed to gather data from users in different geographic locations and which made it impossible to compare incomes – for example, an income of EUR 1000 earned in one country will have a different purchasing power in another country. The next question required survey participants to identify the sharing platform they used last to ensure the participants, who may be members of more than one accommodation sharing platform, are only referring to one of them. The last question in the first section distinguished between hosts, guests and home swappers. This would determine the next set of questions which was different for each group in order to verify certain claims. If, for example, the respondent answered they were a host, they would then only answer questions in section two (hosts) but not in sections three and four (guests, home swappers). Being aware of the attitude-behaviour gap, all respondents were asked about their motivations twice. First they were asked to rank on a Likert scale their motivation factors. In the next question, respondents had to rank the same motivation factors in order of importance which would lead to a closer examination of platform users' motivations. The last set of questions concerned all three groups. The full questionnaire is available in Appendix C.

Overall, 88 responses were recorded. Due to the low number of home swappers (n=4), the quantitative data on home swapping had to be eliminated from the results. There were 39 responses from guests and 45 from hosts of accommodation sharing platforms. This was further divided into guests of rental (n=24) and free (n=15) platforms as well as hosts of rental (n=8) and free platforms (n=37).

### **1.4.3 Data analysis**

Data analysis was done for two types of data – qualitative in-depth interviews and quantitative surveys.

**Qualitative in-depth interviews:** The data from the in-depth interviews was first transcribed, where only relevant data was considered and the rest which did not fit within the analytical framework, was discarded. The data was then categorised and analysed according to the analytical framework.

**Quantitative survey:** The data collected via the survey was transferred into the Minitab software in order to allow for grouping of answers according to the type of the platform and type of the user (guest/host/home swapper), and to find out whether the correlation between specific answers was relevant. Open-ended questions were grouped with the use of frame analysis.

#### 1.4.4 Limitations

A number of limiting factors have been identified during the thesis writing phase.

First and foremost, the sharing economy is a new phenomenon and there is a very limited body of academic literature on this topic. Although much has been written about the concept, authors disagree about the definition of the sharing economy and about the elements which should be included. Thus, some of the sharing platforms presented here may not be considered as an integral part of the sharing economy by certain authors. However, this thesis aims to analyse a representative number of accommodation sharing platforms which are included in the sharing economy discourse.

A limited number of interviews was conducted because the response rate from potential interviewees was rather low. The aim was to do two interviews for each type of accommodation sharing platform (rental, reciprocal and free), but the results are unequal with only one interview done with a rental platform, three with reciprocal and another three with free platforms. In addition, some interviewees not aware of all the aspects regarding the potentials of the sharing economy included in interview questions. There have also been difficulties regarding the scheduling of interviews due to the differences in time zones. Two interviews had to be conducted via email due to restricting schedules of the interviewees which resulted in lower data quality.

While the survey answers were almost equally distributed among guests ( $n=39$ ) and hosts ( $n=45$ ), reciprocal platforms were a very low representation and the data was therefore excluded from the results. However, the author is confident that the quantitative results for guests and hosts are representative of accommodation sharing platforms.

#### 1.4.5 Scope

The thesis focuses on the claims, expectations and potentials of the sharing economy. It aims to analyse peer-to-peer (P2P) accommodation sharing platforms, which play a crucial role in the sharing of accommodation. In addition to P2P, the accommodation sharing platforms which are explored in this study fall under the following three categories: rental, reciprocal and free. Further criteria can be found in section 2.4.

Other segments of the sharing economy, such as mobility or time sharing, are excluded from this study. Similarly, business-to-business (B2B) and business-to-consumer (B2C) models which are sometimes included as part of the sharing economy have been excluded because they do not apply to the accommodation segment of the sharing economy.

A number of important claims about the sharing economy will not be explored due to their irrelevance to the accommodation segment. Specifically, the claim that the sharing economy minimises the production of new products is very relevant to the “sharing stuff” slice of the sharing economy, such as a drill, but is not applicable to the accommodation segment. Arguably,



accommodation sharing platforms could potentially decrease the number of hotel constructions, but such a quantitative analysis is outside the scope of this thesis. Data shows that hotel constructions are on the increase but it is not in the scope of the paper to research whether and how this effect correlates with the emergence of the sharing economy.

The geographical scope is wide and includes all accommodation sharing platforms regardless of geographic location. The reason behind such a wide scope is because a vast majority of the platforms operate in countries around the world and have economic, environmental and social impact far beyond the country of their origin.

In the section on the environment, this thesis focuses on direct environmental rebound effects resulting from the users' choice to travel. Indirect and long-term effects have been excluded due to their complexity.

## **1.5 Audience**

This is an MSc thesis written for academic review for completion of academic studies at the IIIEE at Lund University in Sweden.

Furthermore, accommodation sharing platforms, the academia and policy makers could benefit from this research.

Sharing platforms might use this thesis to gain deeper knowledge about the sharing economy which they are a part of and to become acquainted with the main concepts and ideas.

Policy makers and regulators, especially at the municipal level, can use this research to gain new insights into the sharing economy and the accommodation sharing platforms specifically.

As a framework to assess sustainability claims about the sharing economy has not been presented before, academia might find the framework presented in this thesis suitable for further research. In addition, the findings and conclusions add new insights to the sharing economy discourse.

## **1.6 Disposition (outline)**

Chapter 1 introduces the problem and the aim and objectives of the thesis. It also presents the methods employed to collect primary and secondary data. Furthermore, it identifies research limitations and scope of the research and the target audience who will find this thesis useful.

Chapter 2 presents a literature analysis which identifies research gaps, relevant literature on the topic and the framework for data collection and data analysis.

Chapter 3 presents the main findings from quantitative surveys and from in-depth interviews. The survey findings are presented individually for hosts and guests. The structure of the findings of in-depth interviews is guided by a business model framework.

In Chapter 4, an analysis of the primary data is presented. The data is analysed according to the framework which emerged from the literature and is compared with the findings from the literature. New findings are also presented here.

Chapter 5 discusses the results of the research. The author reflects on the methodological and analytical choices and the generalisability of the study.

Chapter 6 summarises the main findings, conclusions of the analysis and contribution to the existing body of literature. Furthermore, it provides recommendations for the audience and suggestions for further research.

## 2 Literature analysis

### 2.1 Introduction

The current trend of new online platforms currently disrupting the relationship between buyers and sellers is referred to as “the sharing economy”, “peer economy”, “collaborative economy” or “collaborative consumption”. While all four terms intersect and have a number of characteristics in common, such as decentralisation of institutions, disintermediation of goods and services or the disruptive potential to the incumbent industries, there are also differences between them (Botsman, 2013).

The collaborative economy serves as an umbrella for collaborative finance, education, production and consumption. Both the sharing economy and the peer economy are part of collaborative consumption, which has been described as “an emerging socio-economic model based on sharing, renting, gifting, bartering, swapping, lending and borrowing” (Piscicelli, Cooper, & Fisher, 2015). Botsman & Rogers (2011) also include “trading” and stress the benefits people gain through access over ownership. These benefits are of monetary nature, as well as practical and social, such as saving time and space, social interaction and allowing people to become active citizens.

The sharing economy can be divided into five sectors – automotive; technology; retail and consumer goods; hospitality; and entertainment, media and communications (PwC, 2015b). Within these sectors, there are hundreds of business models. The vast variety of sharing platforms is perhaps what makes it difficult to come to an agreement about a single definition.

### 2.2 Definitions

#### 2.2.1 Sharing

The word “to share” has two different meanings in the English language. It can imply that something is divided between or among two or more people, such as a cake, or that two or more people have a thing in common, such as a genetic trait. These two types of sharing is what Tomalty (2014) calls “zero-sum” and “non zero-sum,” whereas the former means we have less of something when we share it, such as a cake and the latter type means that we are left with the same amount of the shared thing, such as a story. According to Price (1975), sharing is “(...) the most universal form of human economic behaviour, distinct from and more fundamental than reciprocity ... Sharing has probably been the most basic form of economic distribution in hominid societies for several hundred thousand years” (as cited in Belk, 2010, p. 715). Thus, sharing is not a new phenomenon. However, the sharing economy is a new form of sharing which has emerged in recent years. The basis of the sharing economy is a “zero-sum” type of sharing of physical objects. The difference between “traditional” sharing and the sharing economy is the utilisation of modern information technology. Zervas, Proserpio and Byers (2015) point out that network platforms enabled by technology facilitate the success of the sharing economy.

According to Botsman and Rogers (2011), there are three ways to participate in sharing: product service systems (PSS), redistribution markets and collaborative lifestyles.

**PSS** is defined as “a marketable set of products and services that are capable of jointly fulfilling customers' needs in an economical and sustainable manner” (Reim, Parida & Ortqvist, 2014, p. 62). The need for owning a product shifts to paying a fee for a service provided by the product, hence using a “usage mind-set”. According to Mont and Power (2009), “consumers pay not to buy material goods, but to use them” (p 53).

Frequent examples used in articles on the sharing economy are drills, laundromats and solar panels. Instead of owning these products, customers can rent a drill which has a great idle capacity, pay for the washing service at a laundromat or rent solar panels without incurring the initial high cost. PSS is believed to be beneficial for the environment as it maximises utility and lowers the need for products and therefore also for virgin materials and energy associated with production (Botsman & Rogers, 2011).

**Redistribution markets** is a system where pre-owned/used products get redistributed through social networks. Redistribution can happen for free, for cash, for points or a combination of both. Goods can also be exchanged. Botsman and Rogers (2011) argue that this type of sharing is a “sustainable form of commerce”. However, this claim does not account for a possible negative rebound effect, which, according to Herring and Sorrell (2009), could negate positive environmental gains. For example, a person buying a second-hand item might buy a brand new product for the money they saved which could increase the long-term environmental impact. Examples of redistribution markets platforms are eBay, Craigslist or Swishing.

**Collaborative lifestyles** allow for sharing tangible and intangible products and services. Anything from time and space to goods and money can be shared in collaborative lifestyles, both locally and globally. It is this part of the sharing economy which is being explored in this thesis. Examples of collaborative lifestyle platforms include Airbnb, Couchsurfing, Lending Club or Peerby.

## 2.2.2 The sharing economy

While people have shared their resources for thousands of years, the sharing economy is a new concept. It emerged in the past several years and its development was stimulated by a number of factors, namely the recent economic downturn which prompted people to search for cheaper goods and services; a growing need for community involvement in the disconnected world; a greater awareness of environmental issues; and technological advancements which have connected sharers who do not know each other personally (Gansky, 2010). Technological advancement was central in the development of the sharing economy as it facilitated the reduction of transaction costs (The Economist, 2013). Essentially, the distinction between “traditional” sharing and the sharing economy is the use of ICT (Belk, 2010). Currently, the sharing economy is growing by 25 per cent per year. In 2013, its value exceeded USD 3.5 billion (Dubois, Schor & Carfagna). It has been dubbed the disruptor of the incumbent industry for its significant and growing market share.

A generally agreed-upon definition of the sharing economy does not exist and researchers seem to disagree whether it focuses on monetary or non-monetary exchanges, or both, and whether it includes P2P models or also B2C and B2B models.

A PwC report on the sharing economy (PwC, 2015, p 5) used the following definition: “Sharing economies allow individuals and groups to make money from underused assets,” thus emphasising the financial gain and the use of excess resources. Yet in the following paragraph, the report lists platforms which do not lead to financial gains among its users (Couchsurfing, a free hospitality exchange website), nor consist of sharing of underutilised assets (Feastly, a website which connects chefs with consumers).

Botsman (2013) distinguishes between the sharing economy and the peer economy. The former is present in both B2C and P2P models, while the latter encompasses only the P2P part. She defines the sharing economy as “an economic model based on sharing underutilized assets from spaces to skills to stuff for monetary or non-monetary benefits.” However, this definition has been accused of being “too broad” and to “mix marketplace exchange, gift giving, and sharing” (Belk, 2014, p. 1597). Schor (2015) penned the following definition: “[The sharing economy is] an economic

activity that is Peer-to-Peer, or person-to-person, facilitated by digital platforms” (p. 14), thus eliminating the B2C slice presented in Botsman’s definition. Although Schor (2015) talks about economic activity, she also includes platforms which do not involve any monetary exchange and points out that when owners generate profit, they no longer share but rent. She emphasises that some non-profit platforms are purely about sharing. However, it is the profit-making, innovative platforms which grow the fastest because they motivate their users economically.

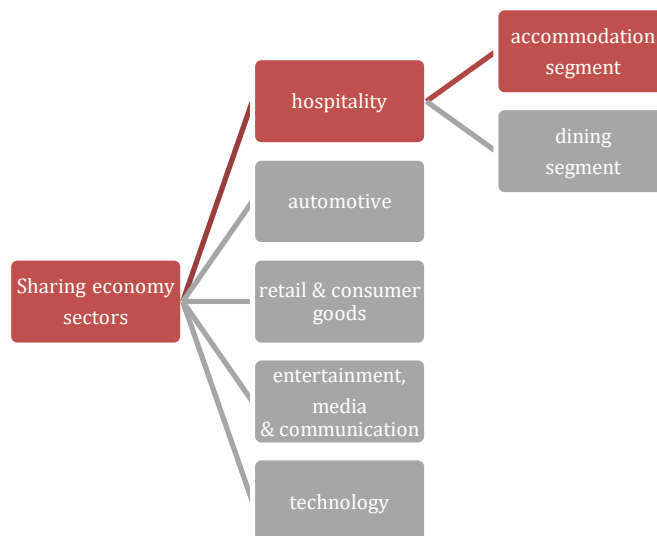
B2B sharing models are the digital extension of the so-called “industrial symbiosis” which has been defined as “the sharing of services, utility, and by-product resources among industries” (Geng, Liu, Xue, Dong, Fujita, & Chiu, 2014). B2B models have been called “the next generation of the sharing economy” (Slagen, 2014); however, very little is known about them and they are often excluded from the sharing economy literature.

Virtually anything can be shared in the sharing economy; from homes and cars to music, pets and free time. According to PwC (2015b), the sharing economy can be broken down into five sectors, but this thesis focuses on the accommodation segment of the hospitality sector. The following section will focus on this segment in order to define the scope of this thesis within this segment.

### 2.3 The accommodation segment of the sharing economy

Table 2-1 illustrates how the accommodation segment relates to the sharing economy. The table is based on a report by PwC.

Table 2-1. 'Accommodation Segment'



Source: based on PwC (2015b)

The red colour illustrates the focus of this thesis, which is the accommodation segment of the hospitality sector of the sharing economy.

Previously, P2P, B2B and B2C platforms have been identified. The accommodation sharing segment consists of all three, however, the B2C model is equivalent to the incumbent hotel industry and is thus excluded from the sharing economy and from this thesis. There is also a limited number of B2B platforms, for example the sharing platform Hotel Swaps, which allows hotels to

distribute unoccupied rooms among their employees within the hotels' employee benefit programmes. However, such B2B platforms cannot be compared to other types of accommodation sharing platforms due to the large difference between their customer base. Both B2B and B2C platforms have therefore been excluded and this thesis will focus solely on P2P platforms.

The definitions identified above mentioned underutilised assets as the entity that is being shared. Here it is understood as accommodation-suitable properties which are being rented for a fee, shared for free or swapped in exchange for another property. This service is being used mostly for tourism purposes and as such serves as an alternative to the incumbent industry.

People join accommodation sharing platforms for monetary and non-monetary reasons; where non-monetary benefits may include physical, mental or utilitarian returns (see study by McArthur, 2015 on non-monetary reasons for sharing). All sharing economy initiatives have been enabled by web-based ICT infrastructure (Darvojeda et al., 2013), thus other types of sharing are excluded from this thesis.

Previously in this thesis, it became apparent that existing definitions cannot be utilised in this study on the accommodation segment. For this reason, criteria for the accommodation sharing platforms to be included in this thesis have been developed. The set of the chosen criteria is presented in Table 2-2.

Table 2-2. 'Criteria for accommodation sharing platforms'

| The platform: |  |
|---------------|--|
| •             | is online  |
| •             | offers accommodation assets shared on a P2P basis  |
| •             | mediates underutilised accommodation assets (sofas/rooms/flats/houses) for short-term rent |
| •             | generates monetary and/or non-monetary benefits for its users                              |

## 2.4 Typology of sharing platforms

A typology of sharing platforms was developed by Schor and Fitzmauritz (2015), and it is based on the platforms' value creation and profit generation (Table 2-3).

Table 2-3. 'Sharing platforms typology'

|                    |            | Organisation           |                        |
|--------------------|------------|------------------------|------------------------|
|                    |            | P2P                    | B2P                    |
| Market orientation | Non-profit | P2P non-profit sharing | B2P non-profit sharing |

|  |            |                        |                        |
|--|------------|------------------------|------------------------|
|  | For-profit | P2P for-profit sharing | P2P for-profit sharing |
|--|------------|------------------------|------------------------|

Source: adapted from Schor and Fitzmaurice (2015)

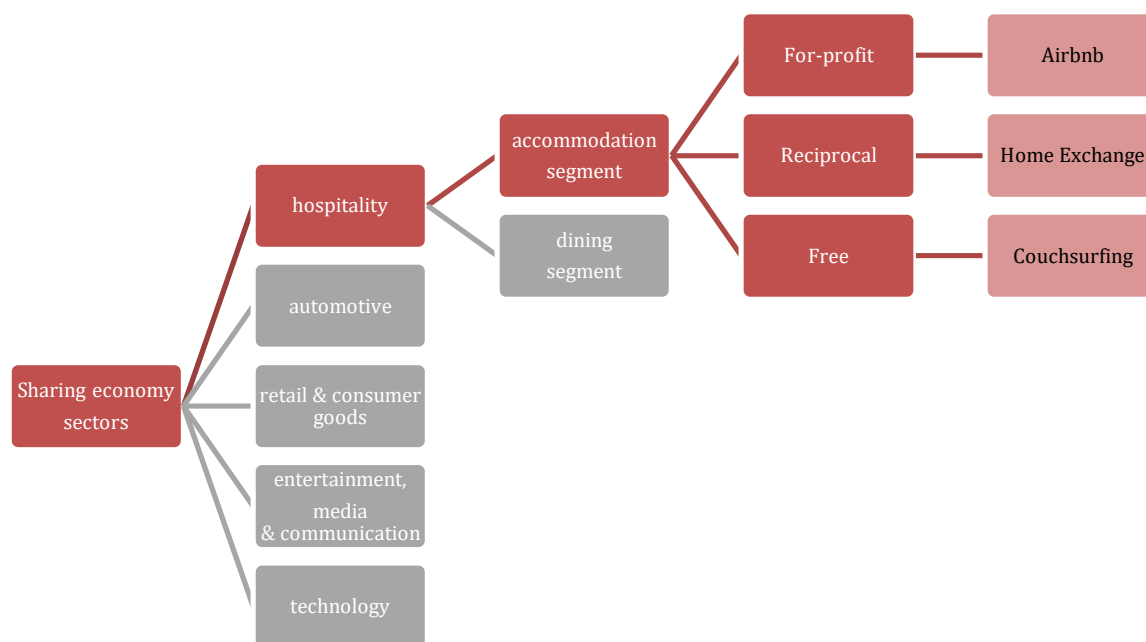
While this typology is useful in addressing the organising logics of sharing platforms, their level of disruptiveness to the incumbent industry and their ability to expand as well as how they operate on the market, it does not acknowledge the role of the users. In addition, as mentioned above, B2P platforms, which are represented in this typology, are not part of the accommodation segment of the sharing economy as they represent the incumbent hotel industry. It also creates a paradox with organisations such as Home Exchange or Couchsurfing because both are for-profit but there is no monetary exchange between the users. The former platform is based on reciprocity of home sharing and the latter on offering free-of-charge accommodation. In order to take a user-perspective of accommodation sharing platforms, a new typology needs to be designed. While the business models found in the accommodation segment are countless, they be divided into categories based on user interaction. As mentioned above, the properties which are being shared on accommodation sharing platforms are being rented for monetary gains, shared for free or swapped. Consequently, in this thesis, these platforms be divided into three categories: rental, free and reciprocal. This typology is based on the interaction between the platforms' users – see Table 2-4.

Table 2-4. 'Accommodation sharing platforms typology'

| User-user interaction | P2P platforms                           |
|-----------------------|---|
| Non-profit            | Be Welcome, Couchsurfing, Warm Showers  |
| Reciprocal            | Home Exchange, My Twin Place, Home Link |
| Rental                | Airbnb, Evergreen B&B, 9flats           |

The above typology can be integrated into the typology based on the PwC report as shown in Table 2-1, to provide “the big picture” of accommodation sharing within the sharing economy. The well-known platforms Airbnb, Home Exchange and Couchsurfing will be used in Table 2-5 in order to provide a better understanding of the different types of accommodation sharing platforms.

Table 2-5. 'Accommodation platforms in the sharing economy'



In *free* models, there is no monetary exchange between the users of the platforms as hosting is motivated by non-monetary gains. While every platform will report different percentage of reciprocity, it is not obligatory to return the favour in order to be a member. Couchsurfing, which is the largest free accommodation sharing platform states that “(...) hospitality on Couchsurfing should be free. A Host should never ask a guest to pay for their lodging, and a guest should not offer.” (Couchsurfing, 2014). Although free platforms are purely about sharing between their members, they can be both for-profit (Couchsurfing), and non-profit (Be Welcome). Couchsurfing runs as a freemium and charges its members for verification. Be Welcome, on the other hand, is purely non-profit. It relies on donations from its members and is run by volunteers. Registered users of free platforms can search through a database of other members who offer free accommodation – usually a couch to sleep on or a room – and send requests to be hosted. After receiving an approval, they can stay for free at the other member’s place for a number of nights.

*Reciprocal* platforms include Home Exchange, My Twin Place and Global Freeloaders. They are based on a quid-pro-quo relationship between the guest and the host whereas the guest becomes a host and vice versa. Members of some platforms exchange their homes with someone else during a set period of time while for members of other platforms, the hospitality can be returned at another time. Reciprocal platforms usually require a paid membership which gives users access to their database of homes available for swapping. If the exchange does not happen at the same time, reciprocity can be enforced for example by a point system where free nights are awarded to members who have already hosted someone else. They can then spend these free nights by visiting another member. In Global Freeloaders, reciprocity is a requirement but is not enforced. The website reads: “This site relies on give and take. Be prepared to Host as often as you intend to be a Guest” (Global Freeloaders, n.d., para. 1). However, it is not clear whether all users follow these instructions. Home Exchange and My Twin Place require a paid subscription while Global Freeloaders is free. No monetary exchange happens between the users in any of the platforms.

Hosts of *rental* models list their property online and charge a fee to the members (the guests) who visit them. The platforms offer a modern way of short-term rental service which is easy to access



on the web. Rental platforms are for-profit while at the same time also generate profit for their members who list their properties online. These platforms include Airbnb, 9flats and VRBO.

In order to provide a complete typology of P2P accommodation sharing platforms, see Table 2-6, which presents both the monetary interaction between the users, as previously shown in Table 2-4, and the monetary interaction between the users and the platforms.

Table 2-6. 'P2P accommodation sharing platforms'

|                       |            | User - platform interaction    |                          |
|-----------------------|------------|--------------------------------|--------------------------|
|                       |            | For-profit                     | Non-profit               |
| User-user interaction | Free       | Couchsurfing, Hospitality Club | Be Welcome, Warm Showers |
|                       | Reciprocal | Home Exchange, My Twin Place   | Global Freeloaders       |
|                       | Rental     | Airbnb, 9flats, VRBO           | -                        |

Although it is possible to focus on for-profit and non-profit platforms based on the business models of sharing platforms alone, as has been demonstrated in the typology presented in Table 2-3 and again in Table 2-4, this thesis will take on the “user-user interaction” perspective which allows for a more in-depth analysis of accommodation sharing platforms.

## 2.5 Motivations to join accommodation sharing platforms

Botsman & Rogers (2011) claim that participating in sharing platforms creates “social capital” as members are allowed to share their culture and gain inter-cultural experiences. “Social capital” was defined as “the trust, norms, and networks that can improve the efficiency of society by facilitating coordinated action” (Putnam, in Botsman & Rogers, 2011). The authors believe social capital to be a major reason why people join sharing platforms. A study by Flåt & von der Fehr (2012) on non-ownership consumption collected motivation factors from a number of studies. The factors pertinent to accommodation sharing platforms are: perceived economic gain, variety and experience seeking, image and orientation and environmentalism.

The division of platforms into non-profit, reciprocal and rental is supported by the results of a number of studies on the motivations of users to join sharing platforms. These studies show that members join platforms for different reasons. Overall, their motives have been grouped into intrinsic - social and environmental, and extrinsic- practical need, financial gains and receiving praise. The motivation factors differ depending on what is being shared and whether the user is a borrower or a lender (van de Glind, 2013). However, while studies have been conducted on specific sharing platforms, to date, no comparative study has dealt with this topic. In addition, users of free, rental and reciprocal accommodation sharing platforms have not been surveyed in the same study. The differences in methods employed in these studies do not allow a comparison of the results

Studies on motivations to join accommodation sharing platforms show a divide between environmental and economic motivation factors, but other factors such as cultural experience or practical reasons also appeared to be differently favoured by the members. Below, the results of studies on motivations are presented and divided by the type of the accommodation sharing

platform (free, rental and reciprocal). The studies focus on why people decide to join accommodation sharing platforms.

### **Free platforms**

A study by Liu (2012) which focused on motivation among Couchsurfers discovered that people host on the platform for practical reasons such as lack of alternatives for accommodation or convenience of the services; cultural experience such as local cultural experience for the guests and to meet people from other cultures. Emotional fulfilment such as wanting to talk, share and learn from guests/host or wanting to feel connected were also among the motivational factors. Similarly to the Flåt & von der Fehr study, different motivation factors have been found for hosts and guests. Guests have been found to have more practical motivations and used the platforms for its financial benefits, while hosts offered their homes for emotional reasons.

### **Reciprocal platforms**

A study on home-swapping in Italy showed rather surprising findings – people joined the platform first and foremost because they sought an authentic cultural experience, secondly because they wanted to travel more often and thirdly, to save money. Making use of their home was also high on the list with 11% of respondents choosing this option. Interestingly, only 1.8% chose to swap their homes for environmental reasons, placing this factor last on the list.

### **Rental platforms**

A study by Ipsos Public Affairs for Airbnb showed that the top motivation for hosts to share their property online with someone they do not know is altruistic – wanting to help others (Ipsos Public Affairs, 2013). However, another study showed that people predominantly take part in sharing platforms for economic reasons – saving money and earning money (Hamari, Sjöklint & Ukkonen, 2015).

In summary, the following factors have been found to motivate accommodation sharing hosts:

**Free platforms:** practical reasons, cultural experience, emotional fulfilment

**Reciprocal platforms:** cultural experience, desire to travel more often, financial reasons, making use of an empty home

**Rental platforms:** altruistic and economic reasons

It was found that even studies on the same type of platforms differ in their results. It has become apparent that when researching motivations, it is important to be aware of the attitude-behaviour gap, which might exist when researching motivation to join collaborative platforms (Hamari, Sjöklint & Ukkonen, 2015). An attitude-behaviour gap means that people's willingness to buy a product for a certain reason, such as environmental, does not automatically translate into action (Boulstridge & Carrigan, 2000). This might be an explanation why studies on the same type of platforms show different results.

The studies mentioned above found different motivation factors for different types of platforms. Some of these factors are specific for one type of platforms, such as making use of an empty home for reciprocal platforms or financial gains for the hosts of rental platforms. Overall, the results further stress out the difference between free, reciprocal and rental platforms.

## **2.6 Sustainability potentials**

The sharing economy has been praised for having the potential of being a sustainable alternative to the current economy (Heinrichs, 2013), which has been deemed unsustainable by many (see for

example Martenson, 2011; Swilling, 2012; or Porter & Kramer 2011). Proponents of the sharing economy claim that the sharing economy is to bring about empowerment to ordinary people, for example through access to goods and services they would otherwise not be able to afford or through extra income which helps them to pay the bills. Furthermore, the sharing economy is believed to lead to lower carbon emissions and less waste generated as the demand for new goods will decrease and even richer, more fulfilling lives.

All potentials of the sharing economy are in some way connected to economic, environmental and social sustainability. However, research shows that while the potential of the sharing economy to change the current unsustainable pattern is substantial, evidence is mixed and depends heavily on the segment of the sharing economy as well as the business model of the sharing platforms (Schor, 2014; Demailly & Novel, 2014; Heinrichs, 2013).

Sustainability claims and potentials of the sharing economy which have emerged from the literature will be identified in the following chapters. They will be subsequently classified as economic, environmental and social. The claims which were identified in the literature analysis make up the analytical framework.

## **2.6.1 Economic claims**

This section will focus on the economic claims and potentials of the sharing economy.

### **#1. The sharing economy creates new economic opportunities as people and groups can capitalise on underused assets**

The main questions which arise from this claim are 1) Who are the people and groups who capitalise on the underused assets? and 2) What are the underused assets?

The previously mentioned definition of the sharing economy claims that “sharing economies allow individuals and groups to make money from underused assets” (PwC, 2015b). However, it is not clear from this definition whether it is the people running the platforms or the members of the platforms who are making the money. Nor is it clear who the individuals and groups are. In a Forbes article, Geron (2013) points to specific examples of people who have made economic profit from a number of very different sharing platforms, offering a number of products and services such as flats on Airbnb, dog sitting on DogVacay, ride sharing on Lyft, city tours on Vayable, clothes on Poshmark, cars on Relay Rides and bikes on Liquid. In the accommodation sharing segment the “individuals and groups” who make profit could entail regular citizens who rent out an extra rooms in their homes, but also real estate companies. The PwC report mentions Couchsurfing and the food-sharing platform LeftoverSwap as part of the sharing economy, however, as mentioned earlier, the previously non-profit organisation Couchsurfing has become a for-profit company but its users are not allowed to make any monetary profit. The same applies to LeftoverSwap. In addition, some platforms are entirely non-profit, such as the accommodation sharing initiative Be Welcome. Thus, there are platforms which do not generate any monetary profits for their members. Do platforms in general create a positive impact to their members, be it monetary profits or otherwise? In her essay on the sharing economy, Schor (2014) offers deeper insights into for-profit and non-profit sharing organisations. She points out that although some for-profit P2P organisations are “acting badly,” they can bring forward the rise of “genuine sharing” rather than renting for monetary reasons. Whether a platform is for-profit or non-profit will also determine its long-term impacts. Conversely, large, for-profit companies have a larger capacity to generate monetary profits for their users. The question “who benefits?” needs to be asked the people who run the platforms as well as their members. An analysis of customer segments will provide an overview of the members of accommodation sharing platforms, find out

whether it is individuals or groups who profit and link the findings with the different types of the platforms.

The second question, “what are the underused assets?” goes hand in hand with the first question. However, at least in the accommodation segment, the high number of business models of the sharing economy make it impossible to provide a simple answer. Definitions of underused assets are also scarce. Botsman and Rogers (2011) note that the basis of P2P renting is “taking assets you don’t use all the time and charging a fee for others to use them” (p. 108), directly connected them to financial profits. However, the spectrum is wide and sharing platforms are offering everything from sleeping on a couch for free, through renting private room in the owner’s home, to larger for-profit platforms specialising on entire homes, such as HouseTrip, which welcomes everyone who enters their website with the slogan: “Book a whole home for the price of a hotel room”. The differences are therefore not clear-cut. According to Airbnb, the sharing economy emerged from the global recession as people were losing jobs and looking for ways to earn money. People then found they could rent a room in their home and capitalise on it (Temperton, 2014). However, platforms which are supposedly offering room-rental services often list whole homes and properties intended for commercial purposes. It is thus no longer only individuals who benefit from platforms which identify with the sharing economy. Slee (2013a) points out that although Airbnb claims that its hosts are mainly people who rent a room in the home they live in, he estimated that about half of Airbnb’s revenue from New York listings is generated by people who have more than one listing. 56% of New York listings comprise of whole homes so the owners are essentially not hosting the guests in the homes they live in. A further research is needed in order to find out which types of platforms offer “underused assets” and which might also cater to individuals who list several properties as well as to real estate companies.

## **#2. The sharing economy creates new jobs**

According to Sundararajan (2014) and Troncoso (2014), the sharing economy has the potential to contribute to economic growth because it creates new jobs. However, there have been discussions about the types and quality of the jobs that are being generated (Zimmerman, 2015; Kessler, 2014; Schor, 2014). The jobs generated by the accommodation segment are both direct – people working for the platforms under work contracts; and indirect – i.e. people who are members of the platforms, the so-called “micro-entrepreneurs” or people who clean the properties. An “independent review” in the UK claims that the country has a potential to become a nation of micro-entrepreneurs as people capitalise on things they already own (Woskow, 2014). For example, the platform Feastly, where chefs organise paid dinners for people in their neighbourhoods, generates additional income for their chefs. On the other hand, 90% of them only earn a supplemental income, instead of full-time (Zimmerman, 2015). Similarly, Airbnb has a website which indicates how much home owners could make renting their entire place or a room. In Malmö, Sweden, renting a private room through Airbnb could generate up to 6061 SEK per month, the equivalent of 640 EUR. However, average salary in Sweden was 31400 SEK, or approximately 3300 EUR in 2014 (Medlingsinstitutet, n.d.). Thus, the profits generated from renting a room on a sharing platform do not substitute a full-time job. Additionally, Airbnb is the only accommodation sharing platform which has published their effects on local communities. The organisation claims to have supported 950 jobs in the outer boroughs of New York City (Airbnb, n.d.a). Correspondingly, it has estimated that nearly half of all their hosts use the income generated by hosting on their platform to pay for household expenses, such as rent. Interestingly, more than half of all users claim that hosting on Airbnb helps them stay in their home. Additionally, 52% of all hosts have low to moderate income. The study thus also shows that hosting merely brings additional income. There is no evidence of accommodation platforms offering paid leave, health and social insurance and other work benefits inherent to full-time

employment. In the sharing economy, the line between additional income and full-time employment is thin.

The ride sharing company Uber is being sued for breaching employee rights by calling their drivers “partners” rather than employees, thus avoiding paying employee wages. Uber drivers are not offered paid leave, nor does the organisation oversee health and safety issues (BBC, 2015). However, it must be noted that this issue is different in each segment of the sharing economy. Work-sharing and mobility platforms have been especially criticised for replacing traditional jobs with “micro-entrepreneurship” opportunities (Isaac, 2014), whereas the effect of the accommodation segment is not as clear cut. A question arises about the future implications of the sharing economy on the job market.

A study shows that in an economy where there are no minimum wage standards, regulations and unemployment benefits, low-wage, or the so-called “bad” jobs are created (Acemoglu, 2011). If people start accepting low-wage jobs due to lack of outside option, it will have a negative impact on the creation of good jobs due to a race to the bottom (Acemoglu, 2011). Thus, it can be argued that if people use sharing platforms to generate their sole income rather than additional, the market is likely to decrease the overall standard of jobs. However, it is not clear whether accommodation sharing has this effect on the economy and it is also outside the scope of this paper. The willingness of sharing platforms to offer unemployment benefits or to guarantee minimum wage to their hosts has not been explored thus far. For this reason, it is important to ask whether profit-generating sharing accommodation platforms are open to the idea of employee benefits for their users.

### **#3. Freeriding is avoided as users need to “give to get”**

Sharing has been associated with the phenomenon known as “Tragedy of the Commons” described by Hardin (1968). Hardin believes that if everyone gains unlimited access to a resource, the resource becomes depleted. However, Botsman and Rogers (2011) argue that the tragedy of the commons can be avoided in sharing platforms because members need to “give to get,” which solves the issue of freeriding. In addition, Botsman and Rogers (2011) claim that the resources and quality of service are in direct proportion with the number of users because every user will create value for someone else – they call this the “network effect”. The authors use the examples of Landshare, Airbnb and bike sharing to explain the network effect. In the former two platforms, the capacity is limited by land owners and hosts and thus cannot be exceeded; but bike sharing networks are prone to freeriding and all bike sharing initiatives have gone through great measures to protect bikes against misuse and theft. This demonstrates that tragedy of the commons does affect the sharing industry. In fact, freeriding is inherent to P2P platforms where users prefer to act on their individual gain rather than collective welfare. This is further propelled by easily obtained online identities, lack of main authority or untraceable behaviour (Feldman & Chuang, 2005). Feldman and Chuang (2005) suggest several options to avoid freeriding in P2P systems. (1) Inherent generosity – if generosity stays below a certain threshold, the system will collapse due to the high number of freeriders. However, if the system can achieve a high level of generosity, it will be sustained. In accommodation sharing platforms, this means that a sufficient number of hosts must be available to provide accommodation for the guests. (2) Monetary payment schemes – in which users will pay for access, which will eliminate freeriders. (3) Reciprocity-based schemes – such schemes can be based on direct (between user A and user B) or indirect reciprocity (based on interaction with other users). The issue of freeriding has not been explored in accommodation sharing platforms. More research is needed in order to uncover ways these platforms tackle this issue and how generosity and reciprocity is encouraged among users.

#### **#4. The sharing economy exists in a legal vacuum and zoning, licencing or health and safety rules do not apply to the platforms**

The sharing economy has been criticised for not following legal rules (Chang, 2014). There is ambiguity in accommodation sharing segment regarding the relationship between employer and employee; zoning laws; income tax; tourism (city) tax; and regulatory laws. The sharing economy has even been called “the hidden economy” with £5.9bn of lost tax revenue between the years 2012 and 2013 (Houlder, 2015). However, it has been mostly the larger, for-profit sharing platforms that have been under media spotlight for legal breaches, leaving small non-profits out of the discussion on legal issues, likely since they do not create any profit and are too small to get noticed. This opens questions about what the legal rules are, who is responsible for following them and whether they should apply to large for-profit platforms as well as to small non-profits.

##### **A. Zoning**

In terms of accommodation, regulations in some cities do not allow home owners to rent out their properties short term without zoning permits. These can be required in residential areas in order to provide a certain standard of the neighbourhood, free of commercial activity such as vacation rentals. For this reason, the accommodation sharing platform Airbnb has faced issues regarding housing and zoning laws and regulations with the municipalities of Barcelona, Berlin and many US cities, while others, such as Amsterdam and the UK have adapted their legislations to become “Airbnb-friendly” (Coldwell, 2014). Sharing platforms cannot guarantee that all hosts who are renting out their places have a zoning permit and are thus renting their space legally (Avalara, 2015).

##### **B. Tourism tax**

Sharing platforms could also be subject to tourism tax which is collected from tourists traditionally staying at hotels and is often used to fund the marketing of the tourism destination and to build infrastructure to acquire more tourists (Ranson, 2014). Airbnb currently collects tourism tax directly in a number of destinations mainly in the US, but does not do so in any of their other destinations although tourism tax from hotels is required there. More specifically, the organisation operates in 34 000 cities but only collects tourism tax in 13 cities, one country (India), one US state and one district in the US (Airbnb, 2015). On the other hand, Airbnb is the only accommodation sharing platform which collects tourism tax directly from their users (guests) and then passes it on to the municipalities which they have an agreement with. The platform HouseTrip, for example, makes it the users’ responsibility to collect the tax and pay it to the municipality (HouseTrip, 2014). However, it is unknown whether and how members of this platform comply with this measure. In addition, there is often no regulatory body which oversees whether the tax is being paid. As Bender (2015) points out, although tourism tax is an important part of tax revue, many guests of accommodation sharing platforms are not paying it.

##### **C. Income tax**

There is no employer - employee relationship between the platforms and their hosts, as previously mentioned. An issue thus arises about the payment of income tax. This applies to rental platforms where hosts are expected to pay tax from the profit they generate through the platform. Again, this has been left entirely up to the users. No accommodation sharing platform has directly tackled the issue of income tax as well as tourism tax. A question arises about who is responsible for paying the income tax; the platforms or the hosts? Similarly, who is responsible for collecting this tax; the platforms or the city council?

Sharing organisations may educate their users about their responsibility to pay income tax and tourism tax from short term rentals as well as to follow zoning laws, but the collection of the tax and the compliance with the zoning laws may be difficult to enforce. The platforms could also take the initiative themselves. It is important to investigate how sharing platforms have tackled this issue in order to learn from the industry's best practice.

#### **D. Health and safety rules**

Many hotels, B&B and hostels must follow fire safety standards, food hygiene and payment protection, which do not apply to sharing platforms. However, adhering to these standards may be very costly and serves as a far too big of a barrier of entry even for B&B's and smaller hotels (Woskowsky, 2014).

Regulatory issues and the sharing economy is a rather complex topic summarised in an "independent review" by Woskowsky (2014). It has been argued that this problem arises because activities of sharing platforms are so unique they are not included in current legal systems (Kassan & Orsi, 2012). Although laws for the sharing economy are being designed, it currently exists in a legal vacuum (Orsi, 2013). On the other hand, lack of regulation may encourage illegal renting and may even lead to higher rents and nuisance to local residents (Frenken, Meelen, Arets & van de Glind, 2015). Similarly, it may endanger the guests of accommodation sharing platforms who do not have the same protection as guests of traditional tourist accommodation.

#### **#5 The business risk is extended to platform users**

According to Schor (2014), critics of the sharing economy warn that it is shifting the risks from the platforms to their members, which leads to a race to the bottom in terms of worse economic security of the users, lack of employee rights, and that "the impetus for sharing is not trust, but desperation," (Schor, 2014, p. 9) since there have been many cases of people turning to the sharing economy only after they had lost their jobs, often due to the economic downturn. According to Rampell (2015), the risks to the users of sharing platforms stretch far beyond income instability. The mobility segment, for example, was accused of forcing their drivers into buying new cars, which is an irreversible capital investment for the drivers who have to bare the economic risks of such a purchase (Tiku, 2014). The risks that are being extended to users of the accommodation sharing platforms have been identified as damage liabilities of their properties and safety protection of both the hosts and the guests (Rampell, 2015).

Safety protection is by and large facilitated by crowdsourced information in the form of shared ratings and reviews. Be Welcome, for example, advises people against hosting guests with no online reputation. However, guests are also in need of protection as the Facebook page "Couchsurfing Horror Stories" suggests.

Insurance can cover damage liabilities incurred during the stay, but not every sharing platform offers insurance. Airbnb, a leading accommodation sharing platform offers a host guarantee for up to £600,000 in damage, but only in selected countries. The organisation advises all hosts to still pay for their individual insurance as the guarantee does not offer insurance per se. It does not cover valuables such as artwork and jewellery or cash.

#### **#6 Accommodation sharing platforms extend positive economic impact in the destination**

The proponents of accommodation sharing platforms claim that many homes are offered outside of the main tourist zones, thus extending the economic potentials of tourism to peripheral areas. While it was not possible to explore this claim further, there is another way which, arguably, also

creates positive economic impacts in the destinations – users spend more time in the destination compared to hotel stays, which correlates with higher expenditures. Airbnb published a study which quantifies such assumptions. It explored its economic impact in nine major destinations (San Francisco, New York, Paris, Amsterdam, Berlin, London, Edinburgh, Sydney and Barcelona) and came to the conclusion that 74% of properties rented on Airbnb are outside the main hotel districts. In addition, Airbnb guests stay 2.1 times longer and spend 2.1 times more than regular visitors. 42 % of guests spend their money in the (peripheral) neighbourhoods they stay in (Airbnb, n.d.b).

In order to check this claim for all types of accommodation sharing platforms, it is important to realise that the calculation of the length of stay is different for domestic and international tourists. For international trips, the average length of stay is 8.3 days. If the average length of stay is calculated for the sum of all domestic and international trips together, then the average stay is much lower, 4.75 days (UNEP & UNWTO, 2012). In comparison, an Airbnb study showed that an average visitor stay was 6.4 nights (Airbnb, n.d.b.), which is lower than the international average but higher than international trips combined with domestic.

Although calculating the average stay for all three types of accommodation sharing platforms is outside the scope of this thesis, appropriate data will be elicited from the interviews, where available. A survey will also be employed to ask tourists whether they stay longer than they otherwise would have.

## 2.6.2 Environmental claims

There have been a number of environmental claims made about the sharing economy, especially by the sharing platforms and in the media. This section will explore these claims. They have been divided into two categories: overconsumption, which will be discussed in terms of consumption of a tourism product with emphasis on travel to a destination; and efficient use of natural resources, which will deal with environmentally sound practices in the destination.

### **#1 Sharing addresses overconsumption as the sharing business models enable more efficient use of natural resources**

According to Sundararajan (2014), sharing business models enable an efficient use of natural and other resources. He predicts that the sharing economy will facilitate an “asset-light” (low-ownership) form of living driven by people’s desire to decrease their carbon footprint. He is not the only academic to attribute environmental benefits to the sharing economy. Sharing platforms have been called “cleanweb companies” due to their potential to reduce GHG emissions. Similarly, sharing mobility organisations claim to be environmentally friendly. The sharing economy has been even dubbed “the antidote to overconsumption” (Foster, Slezak, Heimans, 2013; The Economist, 2013; Kaye, n.d.), which, as noted in the introduction, is a major cause of environmental degradation. According to Lahti & Selosmaa (2013), sustainability is an integral element of the sharing economy which means that the sharing economy should automatically lead to environmental benefits. As underutilised assets are being shared, the production of new ones is being minimised, which leads to a decreased levels of consumption. In theory, if five people share a toolbox, it means four toolboxes would not need to be produced. The claim that the sharing economy tackles overconsumption is not unlike the claims of the resource-saving potentials of collaborative consumption, which the sharing economy is a part of (Leismann, Schmitt, Rohn, & Baedeker, 2013).

Claims about tackling overconsumption are often professed by shared mobility platforms and clothes and tool swapping initiatives. However, they have been debunked in a recent study which



explored car-, ride-, clothes- and tools-sharing initiatives in the Danish context. It found that although the sharing economy has a large potential to lead to a more resource-efficient economy, the individual sharing initiatives are not climate-friendly by definition. The following paragraphs will address the mobility segment of the sharing economy.

Lyft, a ride sharing platform states that “Services such as Lyft Line offer unprecedented opportunities for consumers to share rides, reducing the need for more vehicles on the road and curbing air pollutants harmful to human health and the environment” (Lyft, 2015). It also sends the following message to its users: “...you [will] help play a small part in decreasing our impact on the earth” (Lyft, 2015, para. 1). Some argue that mobility sharing platforms such as ride and car sharing will automatically lead to a lower number of cars on the roads as well as to reduced carbon emissions (Adler, 2014). On the other hand, studies have begun to prove that many ride sharing platforms have an overall negative environmental effect as people do not necessarily use them as substitution to their own cars. On the contrary, it was found that people who share rides often do so at the expense of using public transportation systems (Martin & Shaheen, 2011; Madsen, 2015). Abandoning public transport and using the cheaper ride sharing services results in overall increased carbon emissions (Rayle, Shaheen, Chan, Dai, & Cervero, 2014; Bradshaw, 2014; Madsen, 2015). In addition, this cheaper way of travel allows people to travel more often which also has negative effects on the climate (Madsen, 2015). Ride sharing platforms will only make environmental sense if they replace the same trip which would have otherwise been taken by a private car (Madsen, 2015). The positive environmental impact may therefore not be as prominent as the organisations and the ride sharing programme claims.

Car-sharing programmes face similar issues. In addition to substituting an already low-carbon way of travelling, a study showed that gaining access to cars led to an overall increase in emission (Martin & Shaheen, 2011). A more recent study based in Denmark showed the same result. It found that although car-sharing has certain CO<sub>2</sub>- lowering qualities such as the car-sharing programmes having new, energy-efficient cars, decreasing the need to manufacture new cars and allowing their members to choose between different car sizes based on their current need, it also found a number of counter effects. Overall, the environmental balance was not found to be positive (Madsen, 2015).

The case from the mobility segment clearly indicates that the claims about sharing economy’s environmental potential do not take into consideration rebound effects, also known as “ripple effects,” which include spill-over, positive/negative and transformational effects that cannot be found for example in primary policy measures as they are more difficult to research (Hertwich, 2014). This point of view was also endorsed by Lahti & Selosmaa (2013) who warn that although the potential to decrease overconsumption may be connected with the sharing economy, research on this topic must take into consideration rebound effects as people will travel and fly more often as accommodation becomes cheaper or even free. Thus, the potential of decreasing overconsumption appears to be more complex in the diversity of the sharing economy as different segments of the sharing economy will have different rebound effects. A recent report identified three types of rebound effects inherent to the sharing economy: direct, indirect and long-term. A direct rebound effect occurs when the price elasticity of a product or service is greater than 0. The price of the product or service will decrease and the demand will increase. Arguably, accommodation sharing platforms make travelling cheaper compared to the incumbent hotel industry, which means that people might travel more often and for longer periods of time. An indirect rebound effect is connected to other products and services which may be purchased with the extra money. This effect is difficult to research due to its complexity. The last type of a rebound effect, the long-term effect, concerns the whole economy and is connected with a technological development which may result in an increased production and boost the whole economy as people

are allowed to spend their money elsewhere. As the report points out, energy efficiency has led to an increased ownership as well as higher number of emissions (Madsen, 2015). This supports the previously mentioned study by Mont & Plepys (2008), which found that technological solutions alone cannot tackle environmental degradation. When addressing consumption patterns, rebound effects should be considered. This thesis will focus only on the direct effects of the accommodation sharing segment of the sharing economy and will be observed from the demand side (guests).

Finally, the Danish report stresses the importance of scaling-up of the sharing initiatives. While it found car-sharing and ride-sharing to currently and in the near future have a low carbon-reducing effect since their target market is rather small, it may become more effective in tackling climate change in the long term if it scales up for example in the rush hour. It is outside the scope of this thesis to deal with the long-term effects of scaling up. This area of research is suggested for future studies.

It can be deduced from the above cases from the mobility segment, that there are two main streams where environmental impacts take place: substitution (substituting public transport with a private car) and addition (taking an extra trip). In the accommodation sharing segment, addition occurs when users gain access to the now more affordable tourist accommodation and start using it more often than before. Substitution can be observed when traditional hotel rooms are exchanged for rooms arranged through a sharing platform.

### **Addition**

Addition can be observed when users take advantage of the new, more affordable system and use it more often than before. This means that tourists will travel more often and further away from their homes because affordable accommodation has become more accessible. Schor (2014) points out that in the case of accommodation and mobility sharing organisations, creating new economic activity cannot lead to a reduction of carbon emissions, which is an important factor when measuring environmental impact. Addition would thus lead to increasing or intensifying overconsumption. Consequently, if it is feasible to travel more often and further away, environmental impact will be increased (Chenoweth, 2009). Schor (2014) talks about a study conducted by her students which found that Airbnb users are now travelling more often than before. However, to author's knowledge, this study has not been published.

Very little is known about environmental impacts in the hospitality sector of the sharing economy and how it contributes to combating overconsumption. While much of tourism research focuses on the tourists' environmental impacts in the destination they have travelled to, such impact, translated into GHG emissions, is a fraction of the overall environmental impact generated by tourists. In fact, transportation is the most important contributor to greenhouse gases from tourism with up to 90% of a trip's contribution to climate change (Peeters, n.d.; Simpson, Gössling, Scott, Hall & Gladin, 2008). Interestingly, in the field of accommodation sharing, research has been thus far only published on the environmental impact in the destinations, consequently omitting the transportation to the destination part. Two possible negative rebound effects were identified for the transportation stage of a tourist's trip: not only can tourists travel more often, but also further away from their homes.

A study by Chenoweth (2009) found that low carbon emissions generated by tourism activity are inherent to travelling short distance, preferring low carbon travel modes such as cycling, and low-budget accommodation such as Couchsurfing. However, merely choosing low-budget accommodation does not automatically offset the carbon emissions generated by travelling. A significant increase in carbon emissions could be caused by travelling further away from their

homes. It is thus important to find out whether this is the trend accommodation sharing platforms are leading.

In addition, studies do not account for the negative environmental rebound effect caused by the potential increase of travellers who might travel more often now due to lower accommodation prices brought by the sharing economy. According to Choudary (2013), accommodation sharing platforms create new supply that had never existed before, but research on the demand side is limited. Thus, it is important to ask whether this new supply of accommodation platforms leads to users travelling more often as well as further away from their homes than before. Although such an assumption lacks empirical evidence, it is interesting to note that hotel occupancy rate in the US increased by 4.4% in 2014 (McBride, 2014) and hotel construction projects increased by over 16% in the same year (Langfield, 2014), suggesting that alternative tourism accommodation is an addition, not a substitution. Alternatively, it might also mean that the hotel industry does not view the sharing economy as a threat and continues to expand. On the other hand, the impact of Airbnb on the hotel industry has been shown to be significant in Texas, resulting in 8-10% loss of hotel revenue, and that low-price hotels and hotels not catering to business clientele are most at risk of being affected, clearly showing that accommodation sharing platforms provide a substitution to mainstream businesses. In order to solve this puzzle and find out whether sharing platforms serve as substitute or create a new market, it is important to ask whether tourists would have undertaken the trip at all if sharing platforms did not exist.

To summarise, since sharing platforms offer a cheaper service, people are allowed to travel more often and/or further away from their homes. On the other hand, they could also travel to the same destination they intended to but instead of staying in a hotel, they will stay in a place arranged through an accommodation sharing platform. If the latter applies, then research needs to focus on the environmental impact created in the destination. At the same time, it must be noted that tourism, especially when long-haul flights are involved, generates large amounts of GHG emissions and significantly contributed to climate change.

### **Substitution**

The sharing economy is disrupting incumbent industries. Emergence of companies such as Uber and Lyft in the mobility sector have been the cause of tumbling prices of taxi medallions throughout the US (Barro, 2014). In Austin, the hotel room revenue dropped by 8-10% (Zervas, Proserpio, & Byers, 2015), and news about the sharing economy as a new competitor to the hotel industry can also be heard from the Middle East (Dudley, 2015). What does substitution of the incumbent industry mean for environmental sustainability?

According to Lahti & Selosmaa (2013), the negative impacts are seen in a different light if the sharing service is used as an alternative (substitution) to the mainstream economy. While substitution in the mobility segment may not be as environmentally sound as some mobility platforms claim it to be (as described above), a study conducted by the Cleantech Group for Airbnb shows that the accommodation segment is more promising in offering a low-carbon substitute to the mainstream options (Airbnb, 2014). According to Bocken (2015), this study proves the sharing platforms' potential to disrupt existing business models.

The largest environmental impact from accommodation is thought to be generated by the construction and maintenance of hotels, but accommodation sharing platforms are using properties that already exist, thus eliminating the extra energy use. Chenoweth claims that couch-surfing is less energy-intensive than staying in hotels and that it only leads to a marginal increase in CO<sub>2</sub> emissions (Chenoweth, 2009).

A study conducted for Airbnb suggests that guests can cut their carbon emissions by 66% compared to staying at a hotel (Bunting, 2014). Airbnb claims that “Traveling on Airbnb results in significant reduction in energy and water use, greenhouse gas emissions, and waste, and encourages more sustainable practices among both hosts and guests” (Airbnb, 2014, para. 2). On the other hand, Airbnb claims that their users stay in the destination longer compared to traditional tourist accommodation. However, according to UNEP and WTO (2012), longer trips result in higher CO<sub>2</sub> emissions both in relative and absolute terms.

It has become apparent that substituting traditional tourist accommodation with accommodation arranged through sharing platforms results in lower carbon emissions. But how can environmental sustainability be further enforced? A study by Cohen & Kietzman (2014) shows on a case of the mobility segment that greater environmental sustainability can be achieved if cooperation of the platforms with the public sector is pursued. However, it is unknown whether and to what extent this is being done in the accommodation sharing segment.

### **2.6.3 Social claims**

This section will focus on the claims about the sharing economy which could contribute to social sustainability. Although social sustainability is the least developed of the three pillars of sustainability, it builds on strong research on social well-being. Social well-being was defined by Robert Prescott-Allen (2001) as “the fulfilment of basic needs and the exercise of political, economic and social freedoms” (Magis & Shinn, 2009, p. 16). This was the definition used when classifying claims as “social” in this thesis.

#### **#1 Anyone can benefit from the sharing economy**

It has emerged from the literature that people with low income such as students or the unemployed seem to be the ones who benefit the most from the sharing economy (Bradshaw, 2015; Fraiberger & Sundararajan, 2015; Kodransky & Lewenstein, 2014). However, there are studies with various answers on this topic. An article by Chiang (2015) described sharers as “affluent”, young people between 18 and 34 years old, single and without children. A study on collaborative consumption in the UK found that people who partake in collaborative activities related to consumption are employed both part-time and full-time, aged between 25 and 54 and often have children. The study also identified the groups which were significantly less likely to take part: people aged 65 and over, belonging to an ethnic minority group, in semi-skilled or unskilled employment and the unemployed (Stokes, Clarence, Anderson, Rinne, 2014).

The conclusion is that the types of people who benefit from the sharing economy depend on what is being shared. This may also be relevant for accommodation sharing platforms although they all share available space. According to Airbnb, 75% of their hosts earned below Catalonia’s average household income. It is not clear whether this figure is for all Airbnb’s hosts or only for those in Catalonia. However, they note that the income earned by hosting is important to many “low-income local residents” (Airbnb, n.d., b). A study on home swapping in Italy found that most of the users were employed or self-employed with only 6.2% unemployed. 67% were living with partner and at least one child (Forno & Garibaldi, 2015).

In order to further understand the demographics of people who use and benefit from accommodation sharing platforms, more research needs to be done.

## **#2 The sharing economy creates a sense of community and trust between users**

Trust is a major reason why the sharing economy has been able to expand (Botsman & Rogers, 2011). According to a PwC report, trust is the cornerstone of sharing platforms. The report also dubbed the sharing economy as “the trust economy” and found that 89% of people who are familiar with the sharing economy agree that it is based on trust between providers and users (PwC, 2015b). Sharing economy advocates claim that coordination (finding something that I want) and trust (can I trust the person who has it?) are the two main aspects which will unlock resource sharing (Slee, 2013b). Trust is to be solved with internet reputation systems which help to scale up word-of-mouth reviews. However, Slee (2013b) warns that the rating systems used on sharing platforms, including BlaBlaCar and Airbnb, are based on reciprocity and may not be genuine. Users often give high ratings in order to avoid arguments with the person they are rating, and to receive a high ranking in return. The author then concludes that peer-to-peer rankings do not solve the problem of trust. This is also reflected in a number of bad experiences which were shared in the media (see for example the aforementioned page “Couchsurfing horror stories”). This problem may negatively impact trust among users. Since ratings cannot be always trusted, it is important to ask platform users whether they trust each other. If the result appears to be negative, sharing platforms should introduce a more trustworthy system.

## **#3 The sharing economy empowers its users**

According to Botsman, “the sharing economy is empowering millions of people to unlock the value of their time, skills and talents to make money in ways and on a scale never possible before.” (The Wall Street Journal, 2015, para. 6). However, it is not clear what is meant by “empowerment”. According to Schor (2014), platforms emphasise that they can “empower” ordinary individuals. She considers empowerment to be user-governed, cooperative-owned platforms where users are able to capture the value they create, thus steering away from the popular belief that users of sharing platforms are “empowered” simply because they can earn extra income in their spare time or using their underused assets. Although she notes that such movement has not developed yet, she also points out that online communities have the power to organise against unpopular policies, software changes and practices. Perhaps, then, it is only a matter of time until users take sharing platforms “into their own hands”.

Further research needs to be done on how users are empowered to have a say in the way accommodation sharing platforms are run. Do they feel they can influence the organisation of the platform?

## **#4 The sharing economy creates micro-entrepreneurs**

According to the head of Social Cities Initiative at NYU's, Arun Sundararajan, over half of the US work force will not have a full-time job in about ten years' time. He claims that “micro-entrepreneurs” will be doing a number of things instead of having one, steady employment (Woodruff, 2014). Similarly, Woskow (2014) claims that it is not only sharing businesses that can benefit from the sharing economy but also the users who will turn the UK into “a nation of micro-entrepreneurs”. Although some argue that neither micro-entrepreneurs, nor entrepreneurs is the correct name for people who leverage from the sharing economy, the term “micro-entrepreneurs” is being used for lack of a better term (McKinney, 2013).

Micro-entrepreneurs are to be “masters of their own time”, working when they want and how much they want. However, according to Sara Horowitz, executive director of a Freelancers Union, these freelancers are not covered by any workers' union. In addition, only about 10% of users of

Taskrabbit, a platform which outsources small jobs and tasks, earns a full-time income, while the other 90% only use it to find extra income (Thompson, 2015). If micro-entrepreneurship is to replace full-time jobs, then we need to ask about employee benefits such as health insurance or maternity leave. What is the proportion of users whose health insurance is covered by the employer or their state? An answer to this question would give us a glimpse into the lives of these so-called “micro-entrepreneurs”.

## 2.7 Framework for data collection and analysis

As presented above, the literature analysis identified a number of economic, environmental and social claims. Their summary is presented in Table 2-7.

Table 2-7. 'Summary of economic, environmental and social claims'

| ECONOMIC CLAIMS      |  |
|----------------------|--|
| #                    | Claim  |
| 1                    | The sharing economy creates new economic opportunities as people can capitalise on underused assets.                     |
| 2                    | The sharing economy creates new jobs   |
| 3                    | Freeriding is avoided as users need to “give to get”   |
| 4                    | The sharing economy exists in a legal vacuum   |
| 5                    | The business risk is extended to the users   |
| 6                    | Accommodation sharing platforms extend positive economic impact in the destination                                       |
| ENVIRONMENTAL CLAIMS |  |
| #                    | Claim  |
| 1                    | Sharing addresses overconsumption and the sharing economy business models enable more efficient use of natural resources |
| SOCIAL CLAIMS        |  |
| #                    | Claim  |
| 1                    | Anyone can benefit from the sharing economy  |
| 2                    | The sharing economy creates a sense of community and trust between the users   |
| 3                    | The SE empowers its users  |
| 4                    | The sharing economy creates “micro-entrepreneurs”  |

These claims form the basis for data collection and analysis framework. Certain claims will be verified by the platforms through in-depth interviews while others by the users of the platforms whose responses were recorded in a quantitative survey. In order to illustrate which claims will be verified by the platforms and which by the users, including the questions that will be asked and answered in Chapter 4: Analysis, see Table 2-8.

Table 2-8. 'Framework for data collection and analysis'

| <b>ECONOMIC CLAIMS</b>      |  |   |
|-----------------------------|--|---|
| <b>#</b>                    | <b>Claim</b>   | <b>Platforms/users</b>  |
| 1                           | The sharing economy creates new economic opportunities as people can capitalise on underused assets                      | <b>Platforms</b> – What is being shared? Who are the platforms' users?<br><br><b>Users</b> – Have they made financial profit from taking part in the sharing economy? |
| 2                           | The sharing economy creates new jobs   | <b>Platforms</b> – Have the platforms created any jobs? If so, what type? Would they consider employee benefits for their users?                                      |
| 3                           | Freeriding is avoided as users need to “give to get”   | <b>Platforms</b> – How is freeriding avoided? How is generosity/reciprocity among the users encouraged in free platforms?   |
| 4                           | The sharing economy exists in a legal vacuum   | <b>Platforms</b> – Have the platforms ever faced legal issues? Do they have to follow any of the rules? What is their position on regulation?                         |
| 5                           | The business risk is extended to the users   | <b>Platforms</b> – Do platforms offer property insurance?<br><br><b>Users</b> – Is their home insured during the visit?   |
| 6                           | Accommodation sharing platforms extend positive economic impact in the destination                                       | <b>Platforms</b> – Is there data on average length of stays?<br><br><b>Users</b> – Do they stay in the destination for a longer period of times compared to hotels?   |
| <b>ENVIRONMENTAL CLAIMS</b> |  |   |
| <b>#</b>                    | <b>Claim</b>   | <b>Platforms/users</b>  |
| 1                           | Sharing addresses overconsumption and the sharing economy business models enable more efficient use of natural resources | <b>Platforms</b> – How do they view their environmental impact?<br><br><b>Users</b> – Do they travel more often and further away?                                     |

| SOCIAL CLAIMS |  |  |
|---------------|--|--|
| #             | Claim  |  |
| 1             | Anyone can benefit from the sharing economy                                  | <b>Platforms</b> – Who can participate in the sharing platform?<br><b>Users</b> – User demographics. |
| 2             | The sharing economy creates a sense of community and trust between the users | <b>Users</b> – Do they trust the people on the sharing platform?                                     |
| 3             | The SE empowers its users  | <b>Users</b> – Do they think they can influence the way the platform is run?                         |
| 4             | The sharing economy creates “micro-entrepreneurs”                            | <b>Users</b> – Do they have health insurance?  |



### 3 Findings

This chapter will present the data collected through the quantitative survey and will also provide an overview of the platforms which were interviewed for this thesis.

#### 3.1 Survey findings

As previously mentioned, the survey consisted of five sections. Answers to the first and the fifth sections were required from all survey participants (n=88) while the second only applied to guests (n=39), third to hosts (n=45) and fourth to home swappers (n=4). Due to the low number of responses from the last group, the section on home swapping will not be presented in the results. Responses from the remaining 84 respondents will be presented in this section.

Hosts and guests were almost equally presented in the findings: see Figure 3-1.

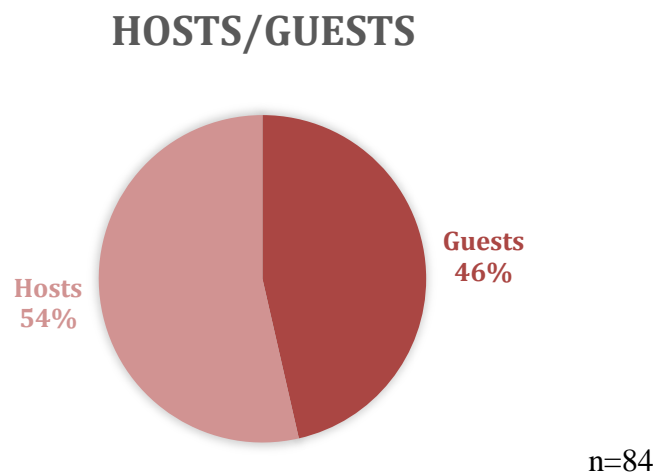


Figure 3-1. 'Hosts/Guests'

#### 3.1.1 Demographics and platforms

The majority of respondents were between the ages 25 and 40 (44%), but the remaining 56% was rather equally distributed between the age brackets 19-25, 41-55 and 56 and over (Figure 3-2). There was a slightly higher number of male respondents (56%) than female (44%).

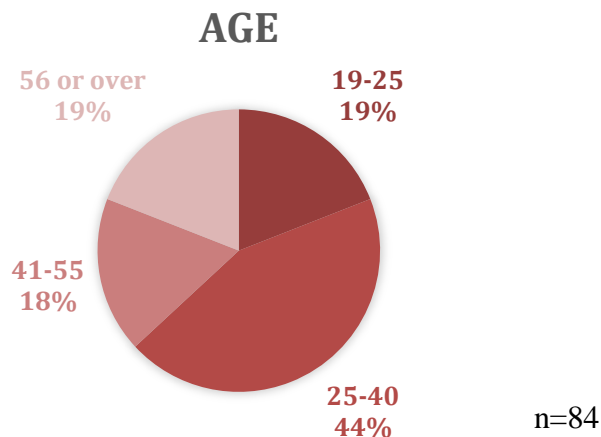


Figure 3-2. 'Age'

Most of the respondents had higher education (89%) and resided in Europe (59%). 33% of the respondents were from North America but people from Asia/Pacific, Latin America and the Middle East were also represented in the statistics, although their involvement was fractional. More than half of all of all respondents classified their level of income as medium (51%), followed by low (38%) and high (11%).

There was a variety of platforms presented in the statistics. Most responses came from members of Airbnb (37%), which is not surprising given the platform's popularity. Warm Showers was the second most represented platform (20%) followed by Couchsurfing and Be Welcome with 19% and 12% respectively. Users of these particular platforms participated in the survey because the platform has a forum where a link to the survey was posted. One respondent was a user of the platform VRBO. The statistics are presented in Figure 3-3. Users of Home Away and Home Exchange were also represented in the survey, however, they will not be included in the statistics as they are home sharing websites and these have been excluded.

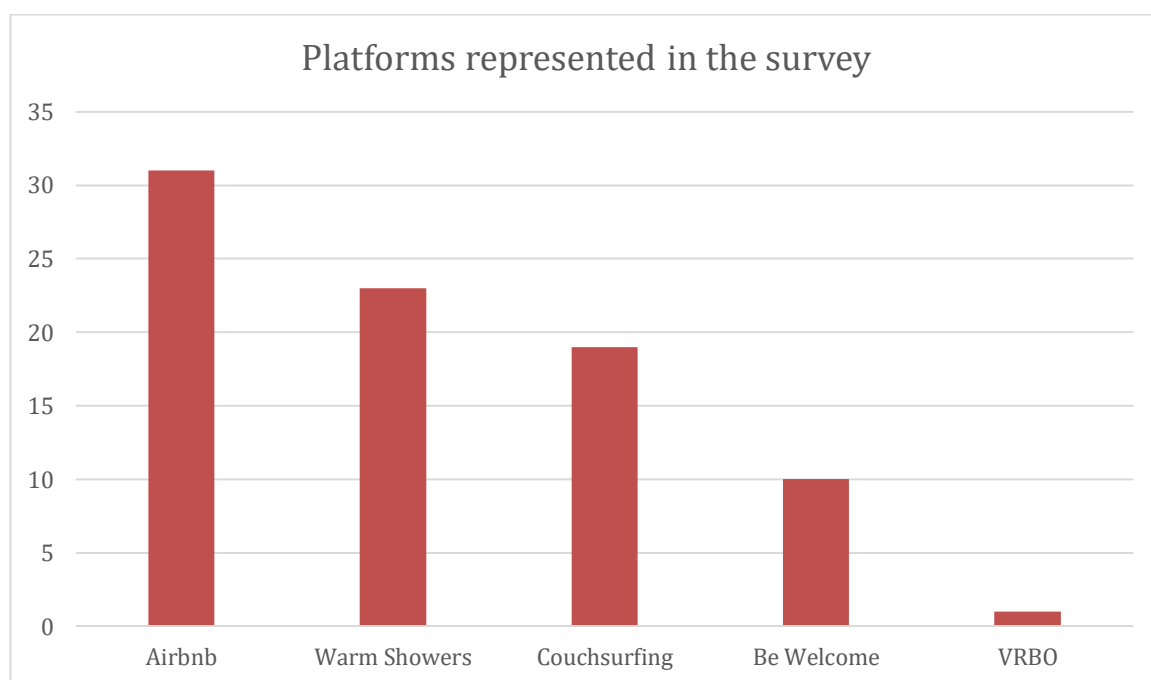


Figure 3-3. 'Platforms represented in the survey'

### 3.1.2 Hosts

The questions posed to hosts were whether the property they used for hosting was insured against damage, whether they generated any income the last time they hosted and if they used it to pay for household expenses, and whether they had health insurance and full-time, paying job. The survey also explored their motivations to host on the sharing platform.

A third of all hosts did not have their home insured during the exchange and almost the same amount relied on their own insurance.

When asked if hosting generated any income, 76% of all hosts answered negatively. These were members of free platforms. The majority of those who benefited financially (73%) used the profit to pay for household expenses.

Almost a quarter of the hosts stated that they did not have health insurance. Half of the hosts had a paying, full-time job while the second half did not.

The findings of these questions along with graphs which illustrate the results will be further discussed in Chapter 4.

The survey also researched respondents' motivation to be members of accommodation sharing platforms. They were asked to agree or disagree on a 5-level Likert scale with a set of motivators which emerged from the literature. Respondents were then asked to rank the same motivators in order of importance. This method provided more in-depth data and minimised the attitude-behaviour gap. The responses were translated into a point system. The maximum points which could be awarded to each motive was 6.

Differences in motivation factors were found between members of rental and free platforms. The motives for hosting on rental and free platforms are presented in Figure 3-4. The results are different from what was found in the literature. Although free platforms were found to be sought for practical reasons (free accommodation), this survey shows that the main motivators were connecting with people from different cultures followed by sustainable reason and helping people to visit their city. Thus, it can be concluded that the main motives of hosts on free platforms are altruistic. Rental platforms also had a different result from the literature. While the Ipsos Public Affairs report concluded that people host for altruistic reasons, this survey confirms the results found in the study by Hamari, Sjöklint & Ukkonen (2015) that the main motivator is economic. This study also found that wanting to be a part of an alternative economic system was also an important factor. Figure 3-4 shows complete results.

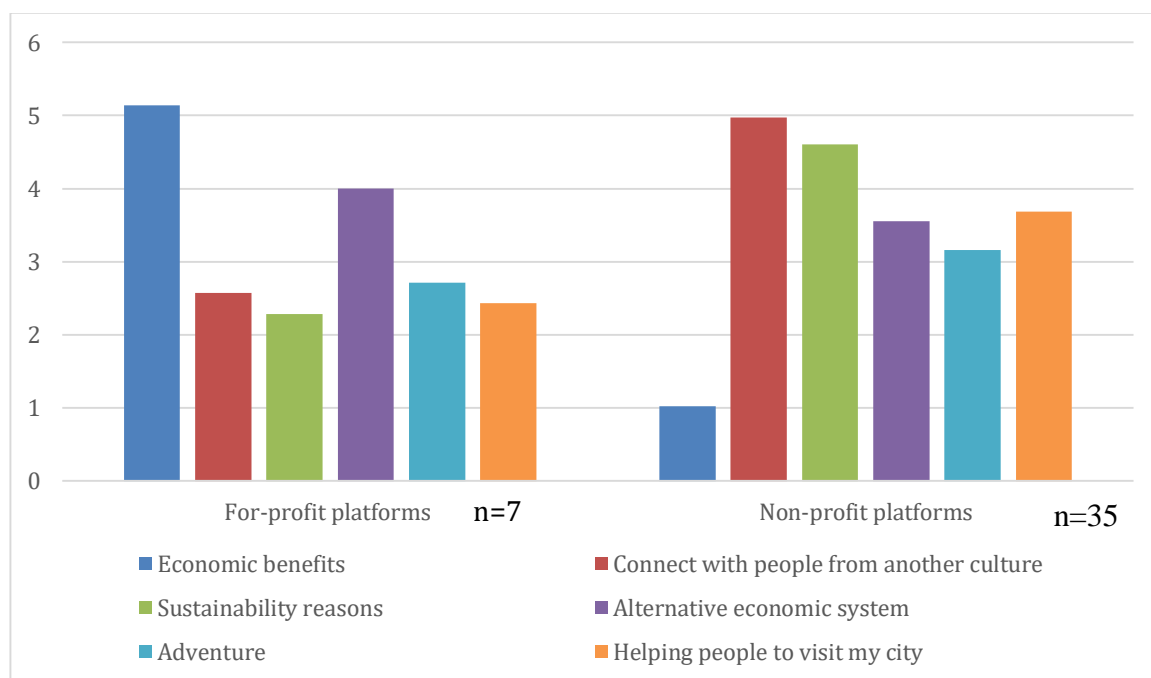


Figure 3-4. 'Motives - hosts'

Finally, hosts were asked to add their own reasons for hosting on the platforms. They expressed that they simply enjoyed hosting (n=2), wanted to reciprocate the hospitality offered to them in the past or in the future (n=2), and use the idle capacity of their homes.

### 3.1.3 Guests

In total, 39 respondents indicated they last used an accommodation sharing platform as guests, which accounted for 46% of all respondents.

An overwhelming 92% of the guests responded that if the sharing platform had not been available, they would have travelled to the same destination. Had the platform not been available, nearly 70% would have stayed in the destination for the same amount of time and the rest would have stayed for a shorter period of time, thus accommodation sharing platforms allow people to prolong their holidays.

The above results will be further discussed and analysed following the analytical framework in Chapter 4.

When researching the motivation of guests, the same motivation factors were used as for hosts with the exception of the last motive (Helping people visit my city), which was changed to “I wanted to visit a place off the beaten track”. The same point system was applied.

Guests’ motives are more equally distributed than hosts’ motivations and were therefore put in the same graph (Figure 3-5). The strongest motives were found to be economic for both groups. This confirms the findings from the literature (Liu, 2012; Hamari, Sjöklint & Ukkonen, 2015).

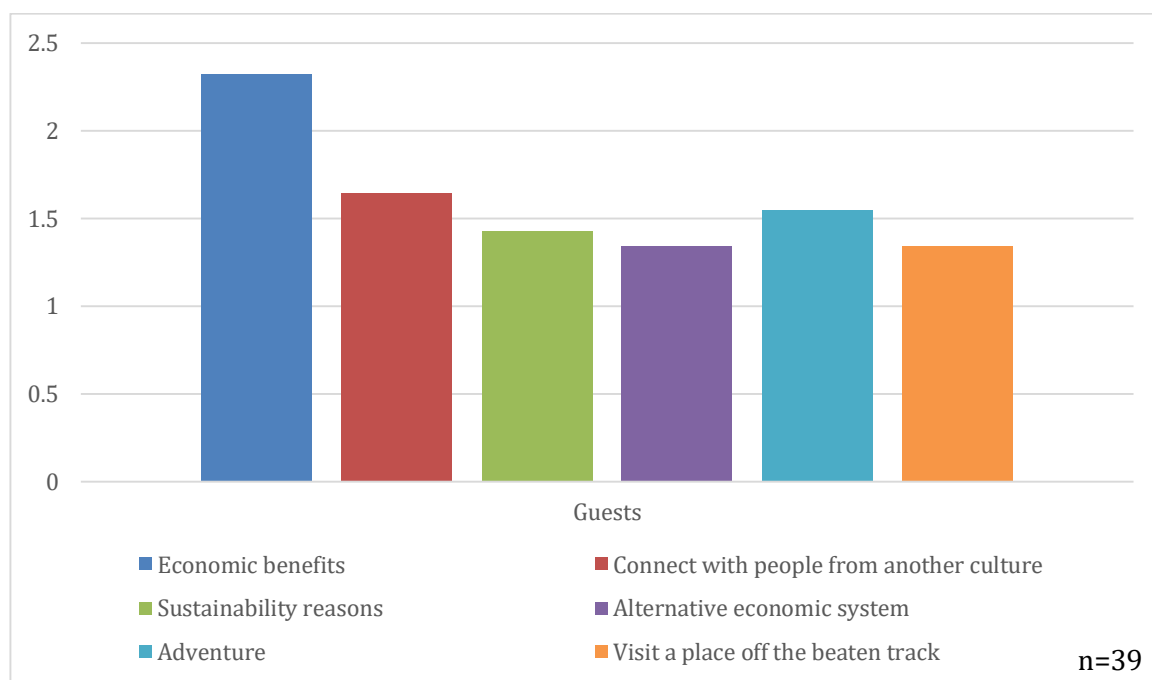


Figure 3-5. Motives – guests’

The ranking system uncovered that guests chose accommodation sharing platforms mostly for economic reasons, secondly to meet people from a different culture and thirdly to travel in a sustainable way. These motives were followed by adventure reasons, visiting a place off the beaten track and lastly, to be part of an alternative (economic) system. This is different from hosts’ motivations where alternative economic system placed second.

The guest section also included an open-ended question where people could add other reasons which they found important. They indicated that convenience, availability of the service where

substitutes were not present (n=3), understanding of the guest's needs (Warm Showers), and supporting the platform to keep it active as well as having access to the kitchen and laundry facilities were important to them.

### 3.1.4 Hosts and guests

This last section addressed all respondents. It explored whether they believe they can influence the organisation, design or delivery of the platform, and their trust levels. It was found that 29% of respondents believe they can influence how the platform is run compared to 39% who disagreed with the statement. The rest neither agreed nor disagreed. The majority of respondents (74%) agreed that they can trust the people they meet through the platform. See Chapter 4 for further analysis of these results.

## 3.2 Interviewed platforms: an overview

The data gathered from the interviews will be presented here and will be supplemented with data from the platforms' websites. A business model framework was utilised to structure this section.

“A business model describes the rationale of how an organization creates, delivers, and captures value” (Osterwalder & Pigneur, 2010, p. 14). The authors based a business model on nine building blocks: customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities and cost structure. A different business model was presented by Johnson, Christensen & Kagermann (2008) which had four elements: customer value proposition, profit formula, key resources and key processes. Essentially, both frameworks cover the important aspects of a business model. The “Business Model Canvas” framework will be utilised in order to carry out the overview but only four of the nine elements from Business Model Canvas will be utilised: Customer segments, Value proposition, Revenue streams and Key Partnerships (Osterwalder & Pigneur, 2010). The remaining elements: channels, key activities, customer relationships and key resources and cost structure were eliminated as channels are the same for all sharing initiatives – they are all internet-based platforms; and so are key activities as they all allow users to share their space or gain access to other users' property; although cost structure will be touched upon in the description of some platforms, it was not found to be a defining criterion in the description of sharing platforms; and finally, the remaining elements: customer relationships and key resources were not found necessary to provide a sufficient description of each sharing platform. This chapter will further develop the information on the three types of accommodation sharing platforms presented in Chapter 2.4.

*Customer segments* define to whom these platforms serve. Accommodation sharing platforms will have two customer segments: guests and hosts. A guest can also be a host and vice versa.

*Value proposition* outlines the uniqueness of the platform and how it differs from its competitors.

*Revenue streams* were identified by Osterwalder and Pigneur (2010) as one-time and ongoing. Although donations can be one-time as well as ongoing, they were not listed in the original study. They will be added to the analysis because they are crucial for the survival of non-profit platforms.

*Key partners* identify the main partners without whom the platform would not be able to exist. In a manufacturing company, this would involve critical suppliers. This thesis will ask about the main stakeholders crucial for sustaining the platform.

### 3.2.1 Free platforms

This chapter will present the three platforms classified as free, which were subjects in the in-depth interviews: Be Welcome, Trustroots and Warm Showers.

#### **Be Welcome**

**[www.bewelcome.org](http://www.bewelcome.org)**

*Customer segments:* the platform does not use the word “customers”. Rather, it divides its users between “members,” and “volunteers.” The difference between the two is that the latter group is more involved in the daily operations of the platform by having signed up as a volunteer and donating their time by for example welcoming new members. Anyone can take part in the decision-making process and all active volunteers can vote and run for the Board of Directors. Otherwise all volunteers have all the same rights as regular members. The platform has over 70 000 members from all over the world and has a very broad member base as anyone over the age of 18 years can join.

*Value proposition:* The platform mainly offers free accommodation to its users but member can also offer other tourism-related services such as guided tours of the city or a dinner. For Be Welcome, being non-profit, transparent and democratic is a main selling point. The platform has a page dedicated to the comparison of two other hospitality exchange platforms: Couchsurfing and Hospitality Club (Be Welcome, 2014). The general theme is that many other platforms are for-profit and are not run democratically by the members, which is not the case of Be Welcome. To the author’s knowledge, Be Welcome is the only accommodation sharing platform which is run exclusively by volunteers. It was established in 2006 by dissatisfied members and volunteers of another accommodation sharing platform, Hospitality Club, who did not agree with the donations being collected only by the owner of the platform and with the little power they had over how the platform is run. For this reason, Be Welcome strives to be as democratically run as possible and the funds are only being used to sustain the life of the platform – all collected funds go towards server maintenance (Be Welcome, 2015).

*Revenue streams:* Neither the members of Be Welcome, nor the people who run it make any monetary profits. The platform is purely non-profit, operating only on donations. From the interview, it became clear that once the funds to run the website have been raised, the donation button disappears. The website has a page which shows whether it has reached its goal in donations. This year, the goal is set to € 1620 which covers three servers, legal insurance and bank fees. Currently, the donations have reached € 1703 so the platform has earned € 80 extra which it uses as a back-up.

*Key partners:* The key partners for Be Welcome are their users and their volunteers. Users provide free accommodation and the volunteers deal with any problems which may arise and ensure that the website runs smoothly. The platform does not cooperate with the public sector.

#### **Trustroots**

**[www.trustroots.org](http://www.trustroots.org)**

*Customer segments:* The target market of Trustroots are hitchhikers, but they are looking to expand their member base to other types of members in the future. Hitchhikers were chosen as their main member base because they have a specific way of travelling different from regular tourists, and can help spread the word about the platform. Trustroots currently hosts almost 10 500 members and has been running for less than a year. Members of Trustroots who wish to help the platform grow can become volunteers. The platform is currently looking for platform testers, proof-readers and coders.

*Value proposition:* The long-term vision and manifesto of Trustroots is following:

“We want a world that encourages trust, adventure and intercultural connections. Our willingness to help each other should not be monetized. Trustroots is completely free to use and will remain so forever. We believe in beauty, simplicity and transparency. We emphasize community.” (Trustroots, 2015, para. 1).

The platform has a modern interface and structure which allows it to expand in the future. This is how they differ from some other free platforms which prefer slow growth. Just like with Be Welcome and Warm Showers, Trustroots is a non-profit platform.

*Revenue streams:* Since the platform is rather new, it currently does not have any revenue streams. However, they are planning to collect donations from their members in the near future.

*Key partners:* There are currently five people on the board of the Trustroots Foundation who make all major decisions about the platform. Trustroots also has volunteers. They do not cooperate with the public sector.

### **Warm Showers**

**[www.warmshowers.com](http://www.warmshowers.com)**

*Customer segments:* Just like Be Welcome, Warm Showers does not use the term “customers” for their users, but hosts and guests. Warm Showers does not have an age restriction but is geared towards a niche market – touring cyclists. The platform has over 50 000 members mostly from Europe and North America.

*Value proposition:* Warm Showers is a unique, niche, accommodation sharing platform which facilitates services for a very specific group of tourists. Apart from accommodation, it also connects cyclists with users who can offer a shower or laundry facilities. This platform has been grouped as “free” although one of the main requirements to being a member is reciprocal hospitality. The platform’s website states that all members are expected to offer hospitality either in the present or at some point in the future. However, it is up to the users to follow this rule. Reciprocity is not enforced in any way but feedback left on the user’s profile page allows members to check whether the user has hosted before.

*Revenue streams:* Similarly to Be Welcome, Warm Showers is a non-profit organisation which runs on donations made by their members. Their financial statements are published in the Forums. 5.5% of their members have donated this year. Their donations have already reached more than US \$ 80,000, which is considerably more than Be Welcome, which has a much larger member base. This may be explained by the fact that 2015 is the first year they started collecting donations. The organisation employs one person who works full-time but is currently looking into employing more people, including a CEO and software developers.

*Key partners:* Just like with Be Welcome, users were identified as their key stakeholders. They do not cooperate with the public sector because they believe they are too small for the public sector to be interested in them, as compared to Airbnb.

### **3.2.2 Reciprocal platforms**

One reciprocal platform, Home Exchange, was interviewed over the phone and two others, Behomm and Guest to Guest, submitted their answers via email. Two interviews were conducted with Home Exchange to gather more reliable data. Answers to the interview questions from

Behomm and Guest to Guest will be complemented by information from their website. This should provide a better overview of reciprocal platforms.

### **Behomm** **[www.behomm.org](http://www.behomm.org)**

*Customer segments:* Behomm is a home exchange community for designers and visual artists and currently has almost 2 000 members from 57 countries. The platform is invitation-only. People can be invited by existing members or apply for a membership. Their application is evaluated by the Behomm community.

*Value proposition:* Behomm is the only accommodation sharing platform designed especially for artists. Their invitation-only system makes the platform unique not only among reciprocal platforms but sharing platforms in general. This system was introduced for safety reasons and to keep the exchange “among friends”. Anything from homes and single bedrooms to cars, bikes and boats is shared on Behomm. Members exchange their homes free of charge during a specific time or at different times where one member hosts another member in a spare room and then visits them at a different time. The exchange always happens between two members.

*Revenue streams:* New members can get a free one-year trial if they invite at least five friends to join the platform. If they wish to continue their membership after the first year, they have to pay a membership fee of EUR 95. Members are not allowed to rent their homes for money on the platform. All exchanges are essentially free of charge.

*Key partners:* The interview indicated that the main stakeholders are the members of the platform. Behomm does not cooperate with the public sector.

### **Home Exchange** **[www.homeexchange.com](http://www.homeexchange.com)**

*Customer segments:* Home Exchange is available for house owners who wish to swap their homes with someone else. The platform has over 65 000 members. The customer segment of all reciprocal platforms is very similar. All members must own or rent a house and be willing to let another member use it. This makes these platforms different from the other two types of platforms (free and paid) where the members are divided between guests and hosts. During an exchange facilitated by reciprocal platforms, people are guests and hosts at the same time.

*Value proposition:* The platform, which was established in 1992, allows to search for homes according to a number of criteria such as location, home size, amenities. Home Exchange gives their members the means to message one another, either individually or in bulk. The users have to agree to a set of rules. The exchange is 100% reciprocal and happens at the same time, meaning that user A stays at user B’s home while user B stays at user’s A’s home. This is a traditional way of exchanging homes. Although home insurance has been a much talked about topic in the media and among the platforms, Home Exchange, which offered insurance in the past, decided to discontinue it after many years because it was never claimed. The platform trusts its users and claims that if any damage does occur, the members tend to deal with it among themselves and do not contact the platform. Since the platform does not pay for costly insurance, users can enjoy the service at a reduced cost. However, the platform is currently looking for insurance options which they could offer their customers in the future.

*Revenue streams:* Members generally do not make any profit, however, regular bed & breakfasts can newly lists their properties when they have a low occupancy rate, but any cost is arranged through the bed & breakfast. No money flows through or from Home Exchange to the users. The platform



generates revenue from annual membership fees set at 1200 SEK in Sweden. If an exchange is not realised in the first year, then the second year is free. The platform directly employs a number of people and operates as a regular service company.

*Key partners:* The members are crucial for Home Exchange as they are not only customers, but also suppliers of the product. In addition to members, Home Exchange also cooperates with the public sector by organising open seminars where it educates people about the platform and makes a distinction between Home Exchange and other accommodation sharing platforms, mainly rental ones.

### **Guest to Guest** **[www.guesttoguest.com](http://www.guesttoguest.com)**

*Customer segments:* Similarly to Home Exchange, users of Guest to Guest are home owners who share their homes with other members and visit their homes on holidays. The platform has recently conducted a study among their French, English, Spanish and Italian members, which found that the average Guest to Guest member is an employed, married woman with children.

*Value proposition:* The business model of GuestToGuest is not as straightforward as Home Exchange. Customers of GuestToGuest are often times also home owners, but this could mean a house, an apartment or even a boat. Some members only list a room or a part of their homes which allows them to stay at home when they have visitors and show them the area.

There are two ways in which they can exchange their homes. Home swapping is the first option, whereby two members exchange accommodation during the same period just like with Home Exchange or even at different times – meaning for example that member A visits member B in June and member B visits member A in July. The second option is the Guest Points model. It awards points for inviting other GuestToGuest members into their homes, referring their friends or following GuestToGuest on social media. These points can then be used to visit someone else, somewhere else. Using this system also allows users to stay in their homes while someone else is visiting them.

In order to contact other members, all users must have a fully completed personal profile and home listing. All other features are mandatory. One of GuestToGuest's selling points is offering insurance which covers their homes for damage incurred during an exchange as well as trip cancellations and repatriation in case of health problems. This insurance is offered to all members upon agreeing an exchange. The host specifies whether they require it or whether it is optional. This is one of the features which makes GuestToGuest unique among accommodation sharing platforms.

*Revenue streams:* There is no monetary exchange between the members but the platform generates revenue from their members in two ways. They can pay a deposit to GuestToGuest if the other homeowner whose place they are visiting requires it, and the platform gets a commission of 3.5% for the service. The second revenue stream is generated by a verification offered by the platform in the amount of EUR 25. Three quarters of all GuestToGuest members who have made an exchange are verified. This means that the service is essentially free as there is no subscription fee.

*Key partners:* The email interview did not cover this question.

### **3.2.3 Rental platforms**

Although a number of rental platforms agreed to an interview, only one telephone interview and one email interview were realised. It was found that most of them have a very similar business

model whereby they primarily connect their customers who wish to rent their private home or an extra room short term with tourists looking for cheap accommodation.

### **9flats** **www.9flats.com**

*Customer segments:* 9flat's target group are people between the age 25 and 60, which they claim is higher than for Couchsurfing and Airbnb and allows them to cater for older people. The platform is a form of a hybrid between B2C and P2P business models as stated above. 9flats currently offers more commercial accommodation than privately owned homes.

*Value proposition:* Although the main product of other rental platforms are private home rentals, 9flats has a slightly different approach with openly offering commercial properties as well as private homes. The platform offers a wide range of accommodation from private rooms which account for 4% of their bookings, through privately owned homes to villas and flats offered by professional renters who run a property renting business. 9flats was the first platform to offer instant booking and payment upon arrival along with child discounts. Although these features are not available for all of the properties offered on their website, they distinguish them from the most popular rental platform, Airbnb, where users have to wait to become accepted and all payments flow through the platform. Because of these features, 9flats call themselves innovation leaders. Home owners must respond to all requests within 24 hours which is different from other types of platforms, especially the free ones, where a response is not required. The platform also offers worldwide insurance of up to 500,000 Euros against unintentional damage caused to rented property.

*Revenue streams:* Revenue flows both to the platform and its users. Users have the option to get their payment sent to their bank account via 9flats or to charge their guests upon arrival. The platform earns money from transaction charges

*Key partners:* The key partners identified by the platform were their customers and cities where they operate. They are currently discussing legal rules with several cities and are trying to find a common solution. The negotiations have been initiated by the municipalities.

### **Airbnb** **www.airbnb.com**

*Customer segments:* The target market of Airbnb is rather wide and includes anyone who wants to make extra income, and anyone who wishes to travel in a non-traditional way. Leisure travellers are the core of Airbnb's guests but the platform is now extending their services to business travellers. The platform has a very broad distribution across age, income and social groups. The average age of Airbnb users is between 35 and 40. 81% of the hosts rent the home they live in.

*Value proposition:* Founded in 2008, Airbnb is the largest online accommodation sharing platform with over 40 million guests, and properties in 34 000 cities in over 190 countries. The platform allows people to capitalise on the underused capacity of their homes and offers a cheaper way to travel. Everything from small rooms to entire homes and castles is available on the platform. Most of the listed properties are covered by an insurance but the availability depends on the destination. Members can sign up with their social media profiles which encourages trust among members along with feedback which the members and guests leave to each other.

*Revenue streams:* The platform has two revenue streams. They collect commission from their hosts and transaction fees from guests. All money between guests and hosts flows through the platform.

*Key partners:* The interview did not cover this question.

## 4 Analysis

This chapter will analyse economic, environmental and social claims with the use of the framework which emerged from the literature. Each claim about sustainability features will be analysed using the primary data collected for this study. The analysis will also expand on the findings from the previous chapter. A summary of the analysis is available at the end of the chapter.

### 4.1 Economic claims

#### 4.1.1 The sharing economy creates new economic opportunities as people can capitalise on underused assets

In the literature analysis, two questions were posed regarding this claim. They asked what the underused assets are and who the people and groups who capitalise on these assets are.

Although the literature used the words “underused assets” to describe what is being shared in the sharing economy, the interviews indicated that people list everything from “couches to boats to entire houses” and that some of the properties on 9flats are well-established bed & breakfasts. These so-called “serviced apartments” on the rental platform 9flats make up most of the properties that are rented on the platform. Similarly, on Airbnb, 19% of all the hosts do not rent the home they live in. Furthermore, according to the interviewee, the properties listed on Airbnb are generally entire homes rather than single rooms. A number of properties offered on the reciprocal platform Home Exchange are second homes or summer houses. However, these are not primary tourist accommodation as is the case with 9flats. Free platforms offer a spare couch or an empty room in the host’s home. The host is always present during a visit. This shows that it is challenging to define what the underused assets in the sharing economy are. If everything which is being shared on accommodation sharing platforms is to be called an underused asset, then it includes couches, rooms, entire flats and houses as well as serviced apartments. Does this mean that an empty room in a private flat where people usually reside is as much of an underused asset as a room in an establishment which primarily offers accommodation to tourists? Defining underused assets could bring us closer to defining the sharing economy because without one, we cannot explain the other.

The question “who capitalises on the sharing economy” is only applicable to rental platforms. For this reason, free and reciprocal platforms will be excluded from this claim as their users do not generate any financial profit. Both private individuals and “semi-professional users” were members of the rental platforms 9 flats and Airbnb. These semi-professional users include individuals, groups as well as companies which own and rent out properties for the sole reason of making financial profit. That is, they do not live in the home. A question thus arises whether they are still sharers and whether a platform which offers such properties can still be considered a part of the sharing economy. On the other hand, private individuals who have a place suitable for tourist accommodation, be it a room or an entire home, are also members. Hence, both private persons and professionals financially benefit from the rental platform. This confirms the conclusion from the literature analysis that the sharing economy caters for a wide spectrum of people, be it individuals who want to earn extra money or companies looking for a new channel to reach their clients.

The quantitative data provided more insight into who the private persons who make financial profit are. However, out of the 45 hosts who were surveyed, only seven indicated that they made financial profit, which is a small sample. All of them were members of Airbnb, both men and women and their age was between 19 and 55. Although Airbnb statistics show that their hosts have low to medium income (Airbnb, n.d.b.), none of the respondents in this survey classified their income as low; four of them classified it as medium and three as high. This is in contrast with

the remaining 38 hosts who did not make financial profit from sharing platforms and who were more likely to have low income than high. The comparison is shown in Figure 4-1.

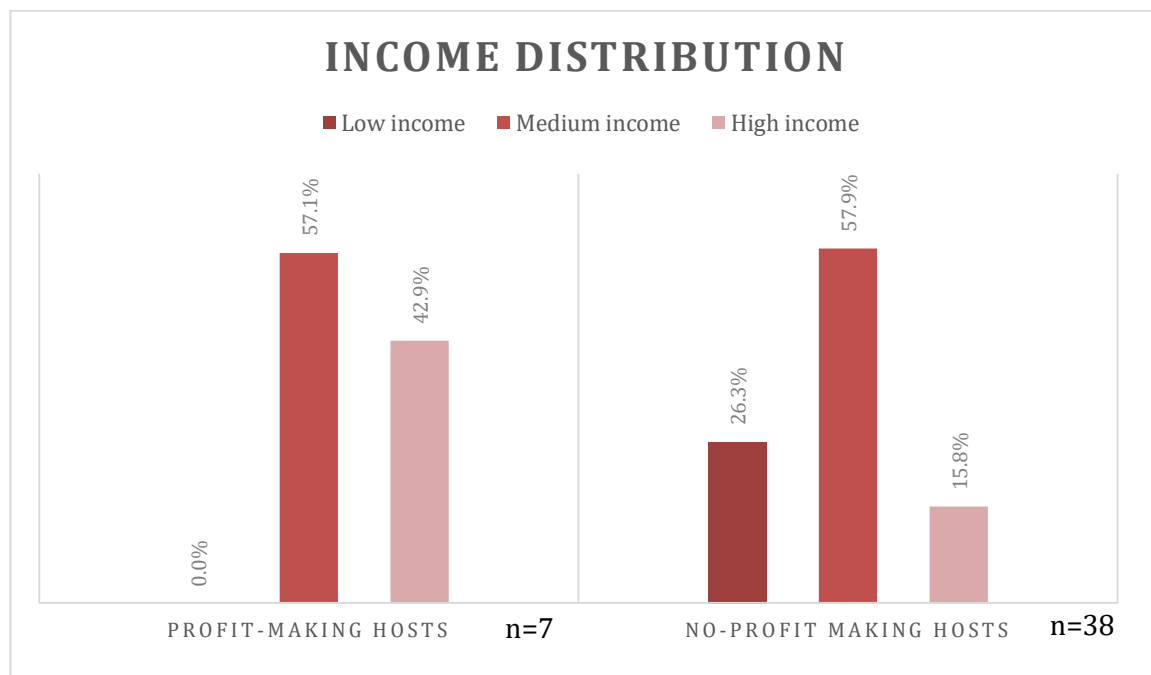


Figure 4-1. Income distribution

In conclusion, underused assets need to be defined in order to explain what is being shared in the sharing economy. Another finding is that people who capitalise on the so-called “sharing platforms” are both individual persons and professional companies. The hosts on rental platforms have higher income than the hosts on free platforms.

#### 4.1.2 The sharing economy creates new jobs

All three types of accommodation sharing platforms have been able to create direct jobs which are full-time and include work contracts. Both of the reciprocal platforms and the rental platform have full-time employees, as does the free, non-profit platform Warm Showers, although it only employs one person to run the website. This shows that the possibility to create full-time, direct jobs exists across the accommodation sharing spectrum. As noted in the literature analysis, both direct and indirect jobs are being created by the sharing economy. However, a question arose about the quality of the indirect jobs.

When asked about indirect jobs, the interviewees pointed out that accommodation sharing platforms merely offer supplemental income, not income which has the potential to fully support their users financially. One interviewee believes that accommodation sharing platforms should not be expected to employ their hosts, nor offer employee benefits to them as they are different from mobility and task-sharing platforms, where employment possibility could be discussed (Interviewee # 5).

The previous economic claim shows that there are two types of hosts - people who offer their private homes for extra income and organised, semi-professional or professional companies which offer holiday rentals. These rentals might also be advertised through other channels such as different platforms and websites. Therefore, it is unrealistic that accommodation sharing platforms

offer employee benefits to the organised, semi-professional or professional companies. They are expected to be able to cover their own wages and employee benefits.

Of the 45 surveyed hosts, only seven generated income from the platform. Figure 4-2 shows how many of these had a full-time, paying job and health insurance. It must be noted that this graph does not represent the hosts for the low number of responses to these particular questions. It indicates that most of the hosts do have a full-time, paying job and health insurance.

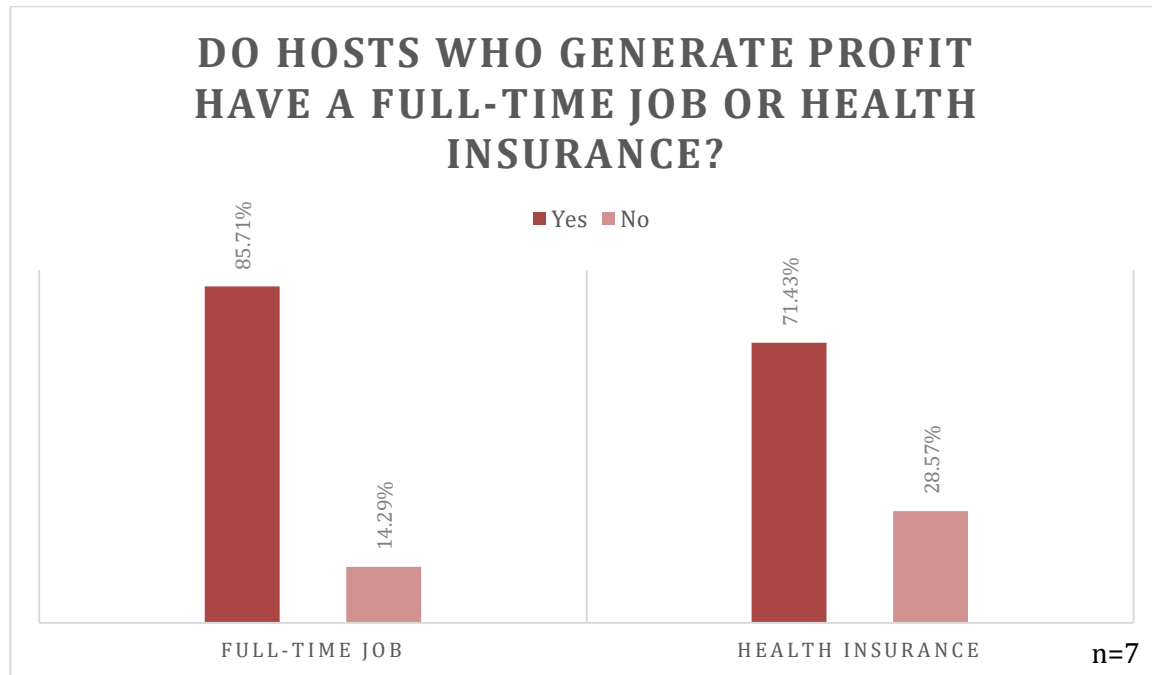


Figure 4-2. *Hosts with full-time job and health insurance'*

#### 4.1.3 Freeriding is avoided as users need to “give to get”

In order to test the claim posed by Botsman and Rogers (2011) that sharing platforms are not prone to freeriding, one of the interview questions asked how platforms avoid freeriding. It appears that rental platform like 9 flats are inherently prone to freeriding as they employ monetary payment schemes – meaning that all guests have to pay for the service of being hosted. Similarly, it is impossible to freeride on Home Exchange and other reciprocal platforms since users do need to “give to get,” as pointed out by Botsman and Rogers (2011). This is in line with the study by Feldman and Chuang (2005), also identified in the literature analysis, which says that freeriding is avoided in a P2P system if monetary payment schemes or reciprocal-based schemes are in place. The third option, inherent generosity, was found to be true for the free accommodation sharing platforms as they do not “have an issue with too many guests and too few hosts” (Interviewee # 1). Another interviewee explained that “in order to receive, hosts have to be willing to give. Or they’re out” (Interviewee #8). However, they pointed out that they can enjoy this status because they are a relatively small player in accommodation sharing. Although scaling-up is not their priority and Be Welcome in particular prefers “slow-growth,” they expressed a worry about freeriding in free sharing platforms that were to scale up and become “a place where you can find it for free” (Interviewee # 1). They mentioned Couchsurfing as such a case, however, this particular platform was not interviewed for this thesis so this claim cannot be verified. For this reason, it can only be deduced that small-scale, free accommodation sharing platforms do not have an issue with freeriding because there is a sufficient level of generosity, identified by Feldman and Chuang as the third way to avoid freeriding in a P2P system. In addition, it was found that although

the two free platforms that were interviewed could not enforce reciprocity, it was a common practice among members and this topic was brought up frequently during the interviews. However, each platform had a different approach to it. Warm Showers asks each member upon signing-up to provide their home to other members. If they are unable to currently do so, they are asked to keep in mind that the platform is “based on reciprocity” and return the favour in the future. The representatives of two platforms said that the people who are more likely to be invited to another member’s home are those who have hosted themselves and have earned positive references (Interviewees #1 & 2). On the other hand, it must also be noted that new users of free platforms face a large barrier of entry since they lack positive references. However, they can become more successful if they decide to host someone first – this practice emerged from the survey when respondents were asked to provide their own motivations for hosting. Additionally, two respondents noted that they used the free platform as hosts in order to reciprocate the hospitality they have already received. This uncovers a system of subtle reciprocity practiced by the platforms, which, in addition to the system of inherent generosity, minimises freeriding. Although it is impossible to completely eradicate freeriding in such a system, the two platforms have been successful for many years.

When put in context with the study on freeriding in the sharing economy by Feldman & Chuang (2005), free accommodation sharing platforms combine two strategies to avoid freeriding: the generosity of the users stays above a certain level which prevents the system from collapsing; and the scheme is also based on reciprocity although it is not required, as stated above. On the whole, the claim that users need to “give to get” and that freeriding is thus avoided, holds true for all the platforms which took part in the study.

#### **4.1.4 The sharing economy exists in a legal vacuum**

For free platforms, legislation in terms of zoning, licencing and health and safety issues did not emerge as an issue. According to the interviewees, zoning laws did not apply to them because they did not have any economic activity as they are both non-profit organisations (Interviewees #1, 2 & 8). Likewise, their members do not generate any income by hosting other members. Therefore, they likened hosting to offering a room to a friend or relative, which would typically not adhere to any of the above mentioned rules (Interviewees #1 & 2). The free platforms are also free from tourism tax and income tax as neither the platform, nor the users generate any profit. One of the platforms checked their status with a legislative body in Belgium where it was found that it does not need to follow the same health and safety issues as the incumbent industry. As one of the interviewees explained: “We are not an economy so we are not under any economic rules” (Interviewee #1). In addition, the free platforms did not find it necessary to negotiate with the public sector – they believe they are not subject to any housing laws, taxes and other rules since the service they offer is free and no one profits financially, not even the platform itself. This is not surprising when compared to the literature analysis which showed that it was mostly larger, rental sharing platforms which have been criticised for legal breaches. Therefore, it is important to focus on the differences between rental and reciprocal platforms.

Although reciprocal platforms also did not believe that zoning, licencing and health and safety rules should apply to them, they held a different point of view from that of the free platforms and also had a different experience with the public sector. They realised that some legal liability might be expected from them, however, they explained that although the platform itself is for-profit, the members do not use it for financial gains. For this reason, they compared their activity of exchanging homes to that of free platforms and did not think their members should be subjected to regulations. However, zoning and licencing rules appeared to be an issue especially in the US, where home-owners are bound by the rules of the Home Owners Association. Sometimes, the rules prohibit home owners from exchanging their homes. In such cases, the sharing platform will

get involved with the Association in order to explain who they are and how the platform operates in order for their members to be allowed to exchange their homes legally (Interviewee # 4). One of the interviewees noted that “In the majority of cases (...) we have been successful at persuading home owners’ associations that exchanges are not rentals” (Interviewee # 3). The interviewee called for a better understanding of home swapping to prevent it from being merged together with short-term rentals in home associations’ agreements. One of the reciprocal platforms organises member meet-ups which are open to the media and the public sector, including municipalities, during which its representatives explain how their business model differs from rental platforms. They also try to persuade local policy-makers to make a distinction between short-term rentals and home swapping. Thus, the reciprocal platform was found to hold a pro-active approach through educating policy makers about the way they operate in order to ensure that their activities are legal and follow necessary regulation.

One of the interviewees representing rental platforms recognises there are legal issues with short-term rentals, however, they point out that sharing platforms cannot oversee whether every host complies with the legislation. “It is up to the host to follow the legal rules and we advise them to do so in our terms and conditions” (Interviewee # 5). Both interviewees compared the hosts to “contract partners” or “business partners” who need to make sure that they comply with restrictions put in by legislators. They strongly believe it is the hosts’ duty to comply with zoning and health and safety rules as well as pay tourism and income tax. They also point out that a sharing platform is unable to check compliance with tax payments of all hosts. They should therefore be responsible for declaring their income in tax declaration forms. The platform 9flats was open to collecting city tax directly from the hosts, should the cities require it. This solution was pioneered by Airbnb, as mentioned in the literature analysis (Airbnb, 2015). 9flats is also open to finding ways to cooperate with cities on zoning laws and tourism tax because “the cities are not our enemies, they are our partners.” Airbnb, on the other hand, already has agreements to legally operate in several destinations: “a number of cities and countries have taken an innovative approach to regulating Airbnb – including France, Amsterdam, Hamburg, London, San Jose, and Nashville. But we have more work to do and we are committed to working with leaders around the world to ensure they know more about home sharing” (Interviewee from Airbnb). 9flats believe that as the sharing economy grows, there will be more rules put in place specifically for sharing platforms, which the platform is willing to comply with. The rental platform 9flats held a reactive approach as it did not initiate contact with the public sector until it was approached by the cities. The platform is currently holding negotiations with several municipalities; however, the details were not disclosed.

The study by Orsi (2013) concluded that while new legislation is being designed, the sharing economy exists in a legal vacuum (Orsi, 2013). This was confirmed to be the case with the accommodation sharing segment in the analysis. Although a number of cities have already developed legislation for sharing platforms and more regulations are being designed, the remaining cities and municipalities are currently standing idle. It is also up to individual cities and municipalities to enforce compliance. As the sharing economy grows and becomes more prominent, public bodies are likely to implement new legislation for the sharing economy, which could lead to different rules in different cities. This is also anticipated by the sharing platforms. The variety of rules could lead to a major confusion among the platforms and a difficulty to comply. The interviews show that if financial profits are linked to a platform, it will likely get involved with the public sector regarding legal rules. While free platforms did not regard legislation as an issue, reciprocal and rental platforms were open to discussions with the public segment about legal issues. The platforms’ approach has been reactive as well as proactive. Being proactive in the creation of legislation might be beneficial for all sharing platforms, especially rental and reciprocal which are likely to face more rules in the future. A globally accessible framework on how to access

legal issues of sharing platforms would be helpful for sharing platforms and municipalities alike. Such a framework should be developed in order to aid cities in creating fair conditions and level-playing-field for accommodation sharing platforms. It is crucial for such a framework to not only recognise the different attributes of the sharing economy, but also the uniqueness of the different accommodation sharing platforms. The same rules should not apply to all of them due to their differences. The division between free, reciprocal and rental platforms might be of use in the creation of contextual legislation and rules.

#### 4.1.5 The business risk is extended to platform users

Following the critique of the sharing economy that it might lead to a race to the bottom because hosts share their private homes in the wake of an economic crisis and cannot defend themselves against damage, this thesis has investigated whether the business risk is indeed extended to platform users. Access to insurance against property damage was used as a specific example to explore this claim.

Three of the eight interviewed platforms, 9 flats, Airbnb and Guest to Guest, offer damage insurance. However, Airbnb's insurance is only available in 36 countries. Although the reciprocal platform Home Exchange once offered insurance against damage, it got cancelled because it was too expensive and was never used. Users were advised to have their own insurance when they exchange homes. The home swapping platform Behomm also encouraged people to have their own insurance and noted that they were too small, with less than 2 000 members, to offer insurance. None of the free platforms offered insurance against damage because they were non-profits and could not afford it. They advised their users to only host members who have positive references and are active on the platform. It was concluded that if money flows through the platform, it is more likely to offer insurance.

Although insurance is readily available through some of the sharing platforms, the survey showed that only one of the respondents relies on this type of insurance. Almost half of the hosts indicated that they had their own insurance (see Figure 4-3 for more details). Airbnb offers damage insurance, but six of the seven respondents who hosted on the platform rely on their own. A question thus arises whether offering insurance against damage through rental platforms is necessary as many hosts are already insured. A solution to this issue could be to offer insurance on request, as is common practice for the sharing platform GuestToGuest.

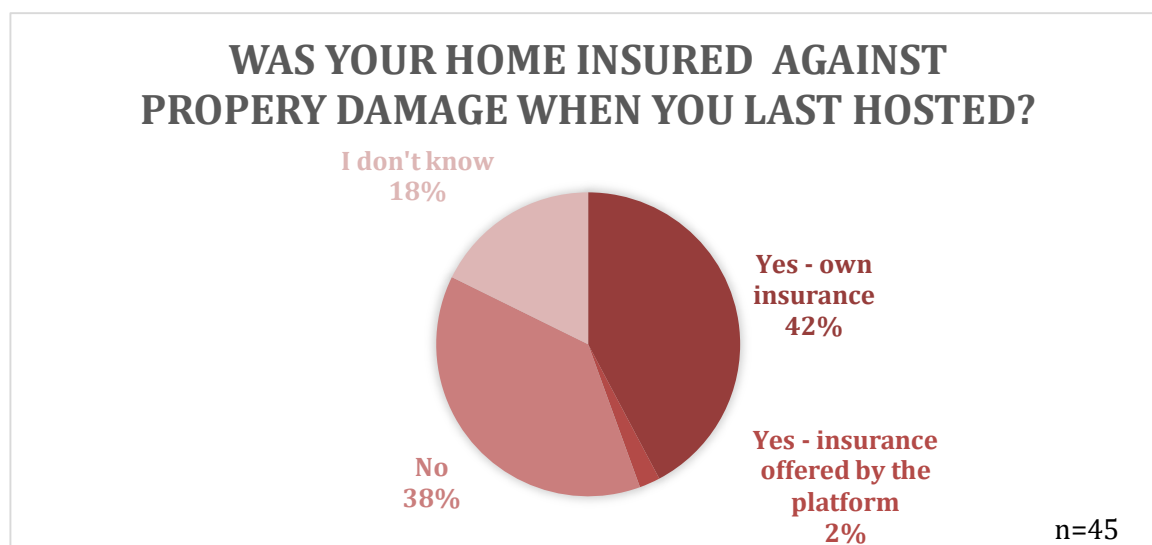


Figure 4-3 'Damage insurance'



A difference in access to damage insurance was found between hosts of rental and free platforms. While hosts who make profit are very likely to be insured against damage, more than half of the people who hosted on free platforms did not have insurance cover. In addition, everyone who stated their home was not insured was a member of a free platform (Be Welcome, Couchsurfing and Warm Showers). This group was therefore found to be more vulnerable than their counterparts on rental platforms. The representatives of these platforms stress out that it is everyone's responsibility to check whether their guests are genuine. They also talked about the power of the community when an incident of theft happened on one of the free platforms – the community kept everyone informed and were able to track down the burglar and inform the authorities. Those who relied on their own insurance were members of both free and rental platforms (Warm Showers, Couchsurfing, Airbnb and Home Away). Although Rampell (2015) warned about the risks that are being extended to the users of accommodation sharing platforms, it is always up to the platform to offer damage insurance as well as the platform member to take due care when hosting travellers, and make sure their home is covered during an exchange.

In summary, users of rental platforms are more likely to have insurance against property damage than users of free platforms. However, the free platforms explored in this thesis are not businesses so it cannot be concluded that they transfer a business risk to their users. Members of rental and home-swapping platforms appear to be either insured by the platform itself or have their own insurance. Monetary exchange facilitated through the platform decreases the risk of damage being passed on to the users.

#### **4.1.6 Accommodation sharing platforms extend positive economic impact in the destination**

The factor which was examined to test this claim was the number of days spent in the destination with a premise that longer stays bring forth greater expenditure and therefore a positive economic impacts in the destination. The qualitative interviews uncovered that the average stay booked through the rental platform 9flats was between 4 and 5 days, which is similar to Airbnb which published statistics for average stays in a number of cities. Airbnb guests in Paris stayed the shortest time, 2.9 days, while longest stays were booked in New York City and averaged 6.4 days. In comparison, an average trip booked on the home swapping platform Home Exchange lasted 16 days. When compared to the data from the literature analysis, for Airbnb this figure was 6.4 nights and the average length of a regular, international, leisure trip was 8.3 days. Assuming that trips booked on sharing platforms are mostly international, this leads to the conclusion that people book shorter as well as longer stays with accommodation sharing platforms compared to hotel stays, depending on the platform they use. However, merely comparing the average number of days booked through a sharing platform with an average international holiday does not automatically lead to a comparison of two comparable stays. More in-depth information about travellers' behaviour is needed in order to find out how the length in stay changed for people who booked a trip through a sharing platform compared to a traditional tourist accommodation. This was made possible with the quantitative data. The survey showed that 31% of respondents were able to stay longer in the chosen destination thanks to the affordability of the sharing platform and 69% of all guests would have stayed for the same amount of time had the platform not existed (see Figure 4-4). No one indicated they stayed for a shorter period of time. There was no significant difference between the members of free and reciprocal platforms.

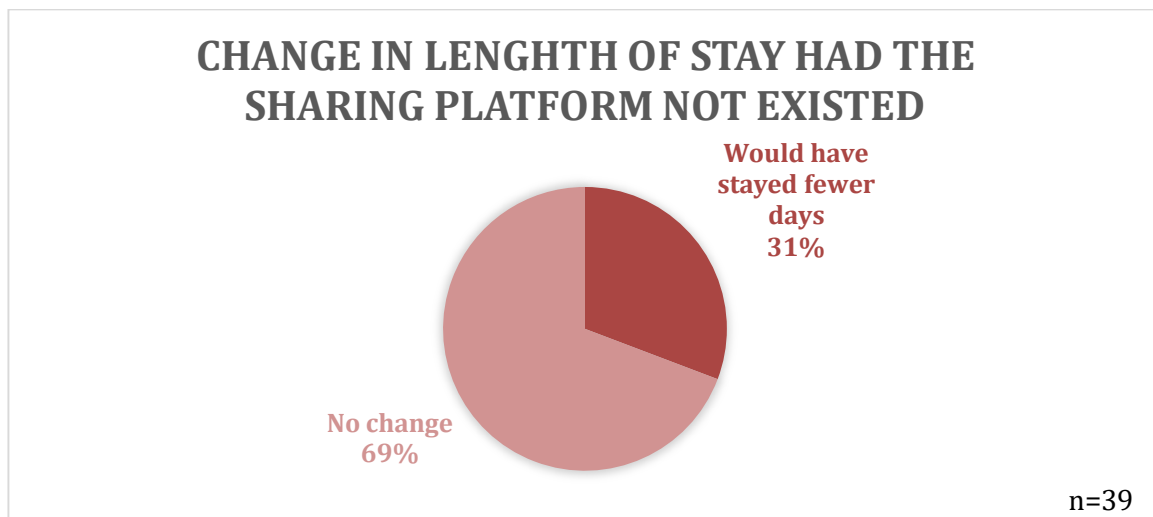


Figure 4-4. 'Length of stay'

This result shows that almost a third of all trips booked through a platform lead to longer stays in the destination compared to traditional tourist accommodation. The results only include users of free and rental platforms. It is expected that if responses of users of reciprocal platforms were added to the mix, the average number of stays would have been even higher.

Further research is needed and should compare the average length of leisure stays booked at traditional hotels with stays booked through sharing platforms. It is also important to produce statistics for specific destinations because they are likely to differ. The origins of the tourists (domestic or international) should also be taken in consideration.

## 4.2 Environmental claim

### 4.2.1 Sharing addresses overconsumption and the sharing economy business models enable more efficient use of natural resources

#### **Addition**

Although the claim that accommodation sharing platforms allow people to travel more often was found in the literature and the interviewees believed that their platforms allow people to travel more often, it was not confirmed in the survey as 95% of respondents who identified themselves as guests would have anyway travelled to the same destination had the platform not been available. For accuracy, respondents were asked to reflect upon the last trip they undertook. Interestingly, none of the respondents indicated that they would not have travelled at all had the platform not been available. It was therefore concluded that accommodation sharing platforms do not lead to a significant increase of greenhouse gas emissions generated by travel to the destination as they substitute the traditional accommodation of an already planned trip. It must also be noted, however, that tourism as such is generally not an environmentally friendly activity, especially when travelling by carbon intensive modes of transport is involved.

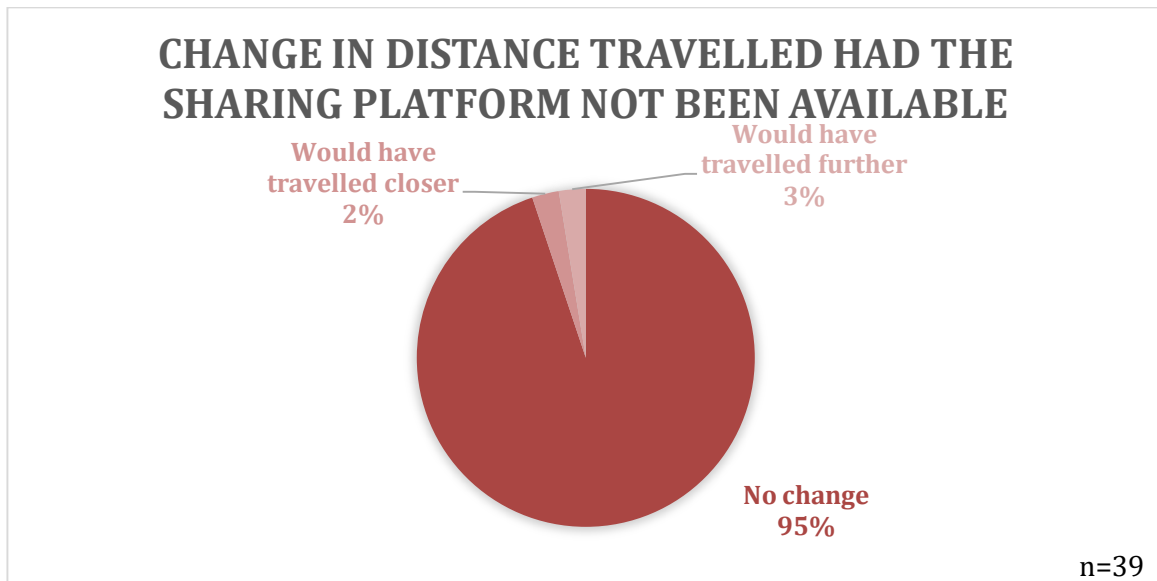


Figure 4-5. 'Distance travelled'

### **Substitution**

It was revealed that accommodation sharing platforms are a substitution to the incumbent hotel industry. Following the studies from the literature analysis, this confirms that booking a trip through an accommodation sharing platform leads to a decrease in CO<sub>2</sub> emissions as the platforms were found to be less energy intensive than hotels in the reviewed literature.

In addition, sharing platforms are a place where users get to interact with people from all around the world and share their knowledge and experiences. The representatives of the free sharing platforms collectively believe it contributes to awareness about environmental issues: “People on hospitality networks open their lives to a stranger so people have to be open minded and they share information. Many people on hospitality networks are very well aware about environmental issues (...) and many of them are activists. Meeting people through hospitality exchange networks spreads the knowledge about environmental issues” (Interviewee #8).

Finally, the literature identified a study which shows that greater cooperation with the public sector leads to greater environmental sustainability. However, the only reason the interviewed platforms cooperated with local municipalities was to address legal issues and rules. Therefore, sharing platforms should strive to work together with the public sector on common sustainability goals in order to maximise their environmental potential.

## **4.3 Social claims**

### **4.3.1 Anyone can benefit from the sharing economy**

This section will deal with the demographics of the respondents in order to illustrate who partakes in the accommodation sharing platforms and how it differs from the rest of the sharing economy.

The literature showed that the types of people who benefit from the sharing economy depend on what is being shared since the reviewed studies often showed different or even contradicting results depending on the segment in the sharing economy and the sharing platforms they focused on. However, the survey showed that the type of sharing platform people are members of was not influenced by level of education, gender or income. Across both free and rental platforms, the average member had low to medium income, held a Master's or a Bachelor's degree and was

located in Europe or North America. Other parts of the world were underrepresented which indicates that the sharing economy is most profound in Europe and North America. The survey findings also indicated that people across demographics take part in accommodation sharing. The respondents were from all age brackets, both male and female, most of them completed higher education, and half of them had medium income. This shows that contrary to some of the findings from the literature, accommodation sharers are often employed.

The interviews revealed that in free platforms, hosts typically offer a sofa or a room with a bed to their guests. Members of reciprocal platforms must have a home which they are willing to swap with other members. This may exclude people whose circumstances do not allow them to offer their home to someone else. Similarly, Behomm is a small community of artists so people with different occupations cannot become members. On the other hand, there are alternatives available for these people. People who wish to host on rental platforms but for example the conditions of their lease agreement do not allow them to do so can also be excluded. Therefore, people who rent their homes are at a disadvantage from home owners. On the other hand, anyone can become a guest on free or rental platform under certain conditions, which makes the accommodation sharing segment inclusive. Although virtually anyone can take part in the sharing economy, only people with suitable homes can make financial profits. For this reason, rental platforms might excavate wealth inequality if they scale up as it is mostly wealthier home owners with homes in prime locations who will generate largest financial profits.

#### 4.3.2 The sharing economy creates a sense of community and trust between the users

Although 74% of all respondents strongly agree or agree that they can trust other members from sharing platforms, 26% remain sceptical, which is quite a high figure for the sharing economy which is built on trust. This can be compared to the figure presented in the PwC report (2015b) which revealed that 89% of people who have heard of the sharing economy agree that it is built on trust. However, the result is in line with the policies of the sharing platforms which ask people to check whether the users have positive references before they meet them.

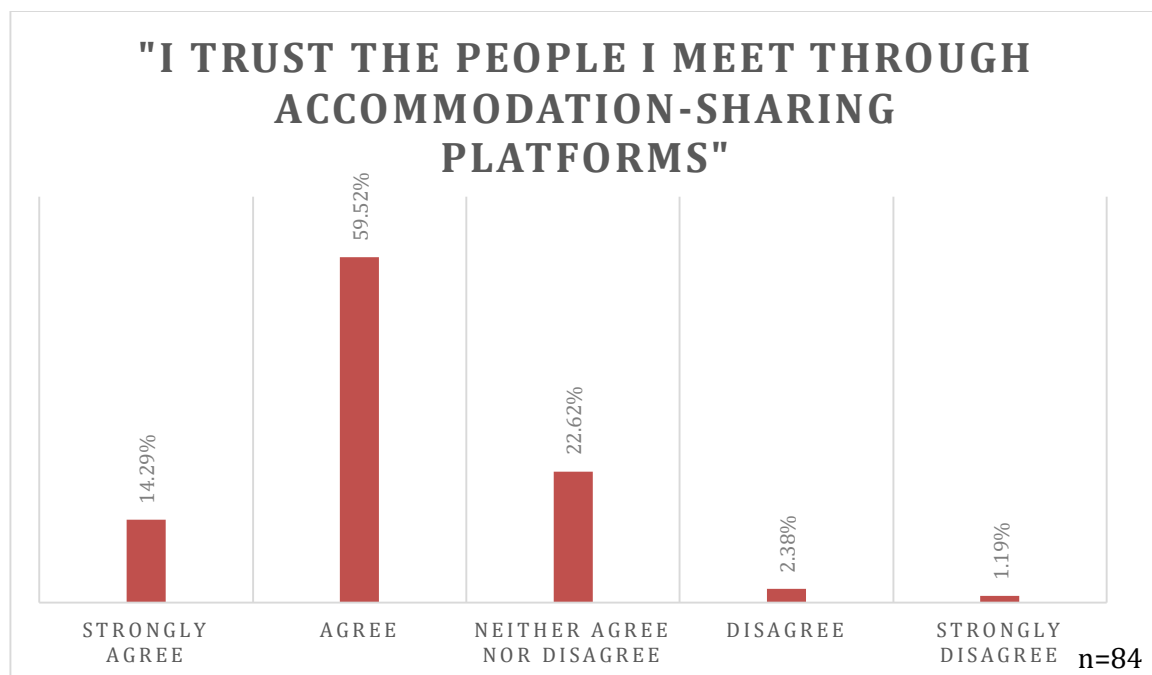


Figure 4-6. 'Trust - all platforms'

A slight difference in trust was found between the members of rental and free platforms. While some members of rental platforms disagreed or strongly disagreed with the statement that they trust the people they meet through the platform, none of the members of free platforms disagreed with this statement. See Figure 4-7 for further details.

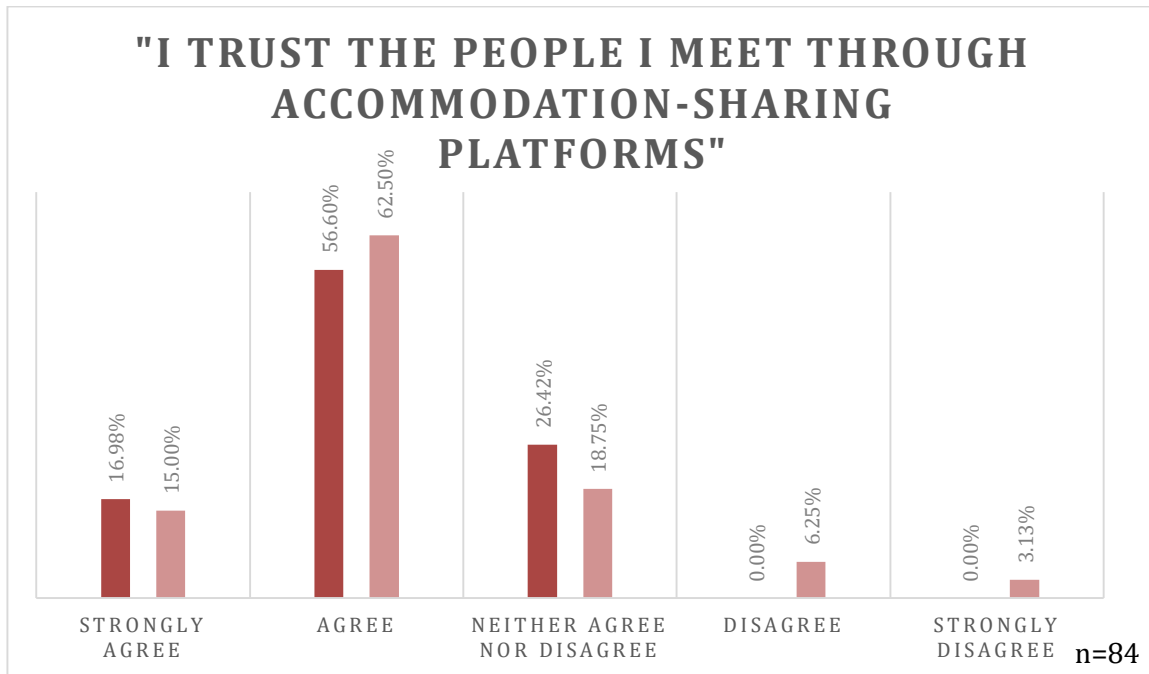


Figure 4-7. 'Trust - Rental and free platforms'

### 4.3.3 The sharing economy empowers its users

Following Schor's research (2014), members of sharing platforms are truly empowered if they can influence how the platform is run for example through organisation, design or delivery of the service. Survey respondents were asked whether they believe they can influence these aspects. The results are presented in Figure 4-8.

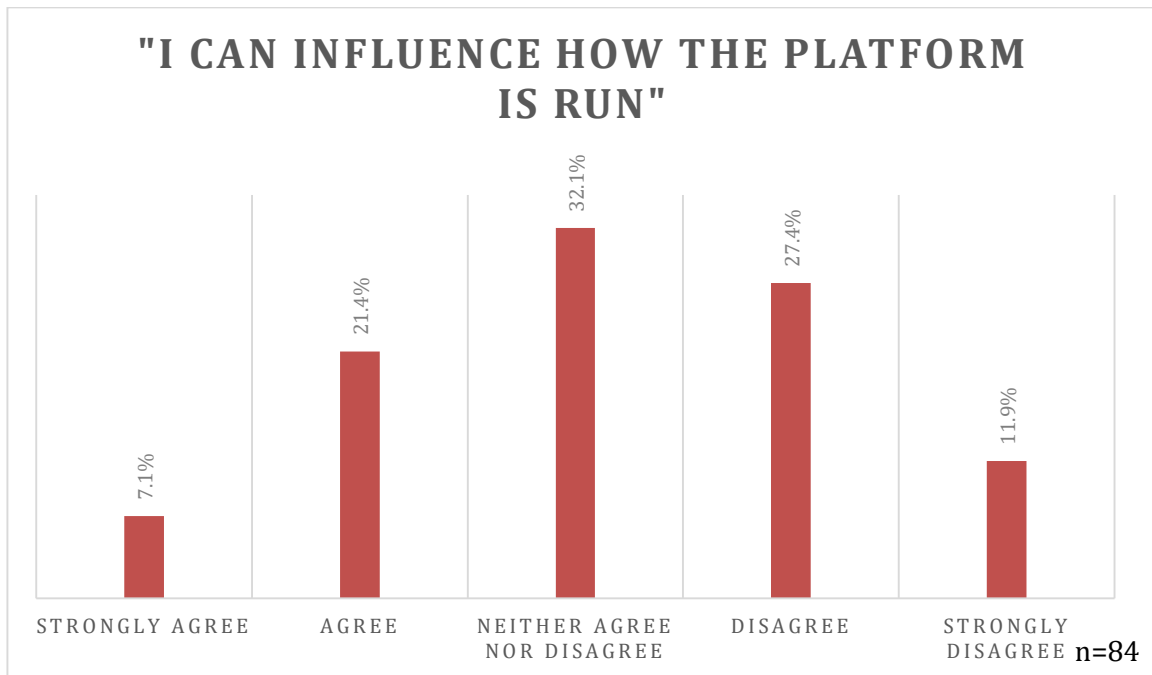


Figure 4-8. 'Empowerment'

The statistics show that only 29% of respondents believe they can influence how the platform is run. The results also differ for each of the following platforms: Airbnb, Be Welcome, Couchsurfing and Warm Showers. The leader is Be Welcome where 90% of respondents believed they can influence how the platform is run. This result is not surprising given that the platform is based on transparency and democracy as mentioned in Chapter 3. The individual results for all four platforms are presented in Figure 4-9 where answers strongly agree and agree were grouped together.

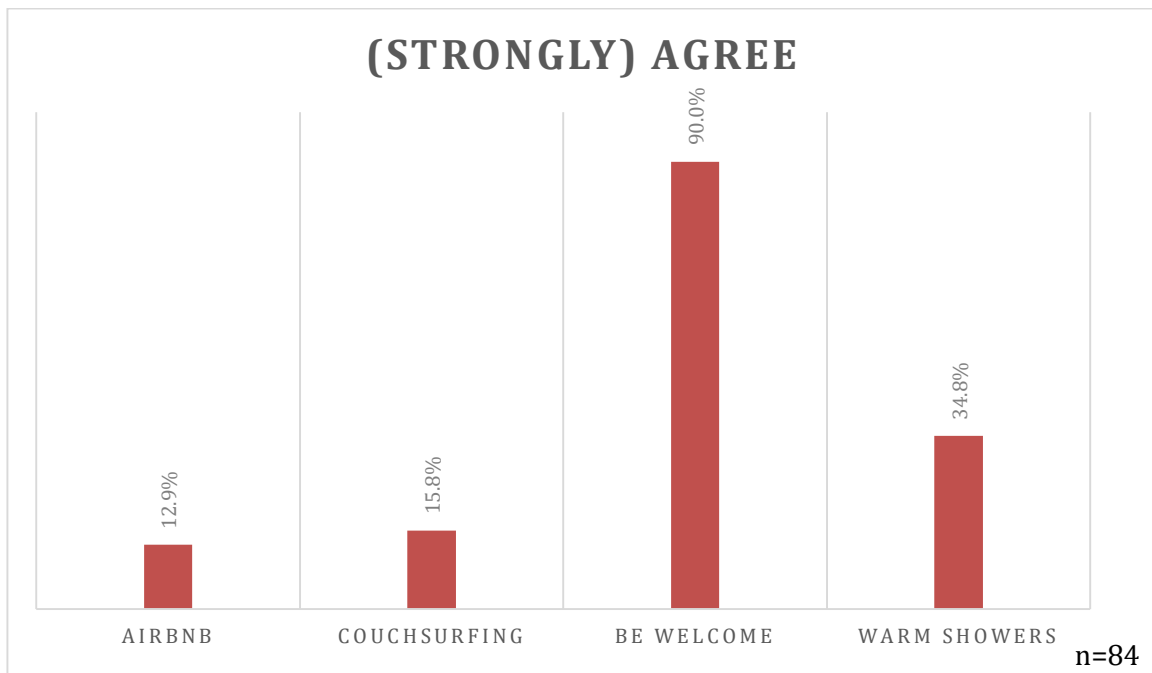


Figure 4-9. 'Empowerment – platforms'

These results clearly show the difference between free platforms. Couchsurfing, which changed its status from non-profit to for-profit platform, significantly lags behind Be Welcome and Warm Showers.

The qualitative interviews showed that most of the platforms encouraged their members to provide feedback, however, this feedback was expected to only suggest small changes. On the other hand, the free platforms Trustroots, Warm Showers and Be Welcome encouraged their members to become volunteers and gave them the possibility to influence the platform in a more significant way.

Overall, there is a large difference in empowerment between free and rental platforms.

#### 4.3.4 The sharing economy creates “micro-entrepreneurs”

Although the term “micro-entrepreneurs” is used for members of sharing platforms who generate income, members of accommodation sharing platforms appear not to fulfil the criteria associated with entrepreneurship. One interview revealed that many of their members only make additional income which allows them to pursue their interests (Interviewee # 9). Instances where hosts left their full-time job to become a professional host are anecdotal. In general, accommodation sharing platforms do not replace full-time jobs as is the case with some mobility and task-sharing platforms. Thus, the term “micro-entrepreneurs” needs to be redefined not only to become adequate for accommodation sharing platforms, but also the entire sharing economy.

A question also arose from the literature analysis whether we can still talk about “the sharing economy” when it starts directly replacing existing jobs whereas people leave their jobs to become independent contractors for a sharing platform. This, however, is not the issue with accommodation sharing platforms.

## 4.4 Summary of findings

In order to summarise the patterns which were discovered through this research, the typology of accommodation sharing platforms will be employed. Originally, the platforms were divided according to the monetary interaction between members rather than the profit status of the organisation as was suggested in previous studies in literature. The typology was helpful to make a distinction between the three types of the platforms. However, it must be noted that each platform is unique and generalisation under the platform typology is only possible to a certain extent. Nevertheless, there was a number of common themes which emerged from the analysis. They are summarised in the Table below.

Figure 4-10. 'Summary of findings'

|                        | Free platforms  | Reciprocal platforms   | Rental platforms  |
|------------------------|---|--|---|
| Description of sharers | Individuals with an extra accommodation space can become hosts. Hosts do not make profit and typically have low to medium income. Any member can become a guest. Some of the free platforms cater | Home owners willing to swap with another member can become members. The users pay membership to the platforms which assumes access to disposable income. Members of reciprocal | Anyone who can afford the service can become a guest. Hosts are private people, groups and companies. The hosts make financial profit on the platforms and typically have |

|  |  |   |  |
|--|--|---|--|
|  | to the needs of specific groups, such as Warm Showers that specialises in offering lodging to touring cyclists.  | platforms do not make financial profit.   | medium to high income.   |
| <b>Description of underused assets</b> | The underused assets are usually couches or a spare room in the hosts' homes.  | Members usually swap homes simultaneously. Business models which allow people to swap at different times or swap guest nights are also available. The properties would otherwise stand empty so home swapping takes advantage of idle capacity. | The shared assets are spare rooms, whole apartments and houses as well as catered bed and breakfast rooms with a front desk. Not all properties are underused. |
| <b>Indirect jobs</b>                   | Members are not driven by financial profits. Economic gains are not allowed. Members can become unpaid volunteers.   | Similar to free platforms. Reciprocal accommodation sharing is only occasional and the hosts do not make any financial profits.   | Rental platforms offer additional income. It does not substitute full-time employment.   |
| <b>Freeriding</b>                      | Solved by high level of member generosity and subtle reciprocity.  | Solved by reciprocity.  | Solved by monetary payment scheme.   |
| <b>Legislation</b>                     | Members of free platforms do not have to follow any zoning, licencing or health and safety rules, nor do they have to pay income and tourism tax because no monetary exchange is involved. | Same case as for free platforms applies because there is no monetary exchange between the members. The platforms, however, face minor issues when they are mistaken for a rental platform.  | Rental platforms have had issues with legislation but are open to cooperate with the public sector. They hold a reactive approach.                             |
| <b>Business risk &amp; insurance</b>   | As long as the platform is non-profit, there is no business risk transferred to the user. The platform cannot offer insurance due to their non-profit status.                              | Since membership on reciprocal platforms is paid, some of these platforms offer insurance, however, the members often have their own already.   | Same case as for reciprocal platforms.   |



|                                     |   |  |  |
|-------------------------------------|---|--|--|
|                                     | However, a large proportion of hosts do not have their homes insured against damage. This makes hosting on a free platform a risky activity.  |  |  |
| <b>Length of stay</b>               | Accommodation sharing platforms generally lead to an extended stay in the destination compared to hotel stays.  |  |  |
| <b>The environment</b>              | Accommodation sharing for tourism purposes is a substitute to the incumbent industry. Since sharing homes is less resource intensive than staying in a hotel, accommodation sharing platforms make a positive environmental impact. |  |  |
| <b>People who benefit</b>           | Users of free platforms do not make profit, but virtually anyone can use these platforms.   | People who own homes can become members of reciprocal platforms. | People who own houses in places sought by tourists are most likely to make financial profit.   |
| <b>Sense of community and trust</b> | Members of free platforms were slightly more likely to trust the people they met through the platform.  | No data.   | Compared to free platforms, members of rental platforms were slightly less likely to trust the people they met through the platform. |
| <b>Empowering users</b>             | Most users believe they can influence how the platform is operated. This especially applies to the members of Be Welcome.   | No data.   | Users of rental platforms do not believe they can influence the organisation, design or the delivery of the accommodation service.   |
| <b>Micro-entrepreneurs</b>          | The term “micro-entrepreneurs” does not fit the users of accommodation sharing platforms.   |  |  |

## 5 Discussion

This chapter will elaborate on the findings and the analysis, then the methodological and analytical choices will be discussed followed by a discussion about the two objectives of this thesis. The chapter will be concluded by a discussion on the generalisability of this research.

### 5.1 Discussion of results

#### 5.1.1 Implications for sustainability

Current research on the sharing economy focuses on economic and market possibilities, while studies on sustainability aspects and impacts are not prevalent. This is due to the novelty of the concept. Literature on this topic is current and the majority of articles which shaped the analytical framework in this thesis is less than two years old. There was a small number of studies which addressed the issues of sustainability. They were therefore identified as seminal works. Among them was the research of Juliet Schor, especially her essay called “Debating the Sharing Economy,” which discusses the claims of the proponents and critics of the sharing economy and puts them into perspective (Schor, 2014). There are also three central reports: (1) the Danish report “Climate potentials of the sharing economy” which deals with environmental issues of the sharing economy in the Danish context (Madsen, 2015); (2) a PwC report on the sharing economy which provided an overview of individual sectors (PwC, 2015b); and (3) a UK based independent review by Woskrow (2014) which proposed governmental guidelines and regulations of different sectors of the sharing economy in order to foster innovation. In addition, the periodicals Forbes, The Financial Times, and The Guardian focused on individual sharing segments and platforms which facilitated greater understanding of the material elicited from grey literature.

The sustainability claims were divided into economic, environmental and social categories, and the main themes carried through this thesis addressed the questions of what is being shared, who benefits and how, how the accommodation sharing platforms can optimise their sustainability potentials, what legal and regulatory issues platforms face, and whether the platforms enable more efficient use of natural resources. The results show that contrary to what emerged from the literature, the identified sustainability claims cannot be generalised to the entire field of the sharing economy, nor the individual segments because each platform is different and exhibits unique features which influence how and to what extent the platform fulfils the sustainability potentials of the sharing economy. The presented typology helps to navigate among them and distinguish various patterns.

#### ***Economic implications***

The research found that everything from couches to castles is being shared on the platforms, but generally, members of free platforms share couches; members of rental platforms share rooms in the homes they live in as well as entire flats and houses; and members of reciprocal platforms swap the homes they live in. This shows that the concept of underused assets is very broad, but the segment offers something for everyone. Secondly, although anyone can take part in the sharing economy, their options are limited by the assets they own and the amount of disposable income. This research therefore shows that certain platforms might exasperate wealth inequality, especially if the sharing economy scales up. However, if managed correctly, sharing platforms can lead to financial empowerment of individuals in local communities.

The research also addresses legal and regulatory issues which some accommodation sharing platforms deal with. It is necessary that regulators make a distinction between the three types of platforms when introducing new regulations, guidelines and principles. They should take into consideration the circumstances under which assets are being shared, and who benefits. The

municipalities can also benefit from the tourists who book their trips through a sharing platform. The research found that almost a third of them are able to spend longer time in the destination compared to hotel guests because accommodation sharing platforms are more affordable, thus tourists also spend more money and support local jobs. Finally, sharing platforms and the public sector should work together to achieve common sustainability goals.

### ***Environmental implications***

Although tourism is generally not an environmentally sound activity due to the large amounts of GHG emissions regenerated mainly by air travel, it was found that accommodation sharing platforms do not lead to a significant increase in carbon emissions compared to traditional tourist accommodation because they are used as substitution to the incumbent hotel industry rather than addition.

Furthermore, it was found that making a booking through a sharing platform could potentially lead to a greater awareness of environmental issues as people interact with each other and share their knowledge. This is one of the benefits of the sharing economy which is not connected with monetary gains.

### ***Social implications***

Empowerment of the platforms' users was central in the discussion on social implications. It was found that it was mostly members of free platforms, Be Welcome in particular, who felt they could influence how the platform is operated. For this reason, it can be concluded that free platforms exhibit the strongest social sustainability. It must be noted, however, that not all free platforms can be influenced by their members. Therefore, sharing platforms should be analysed individually in this case. Furthermore, each platform had different types of users with different motivations. Encouraging users to influence the platforms engages people in a new way and gives them a unique opportunity to be part of an alternative (economic) system.

It was also found that the term "micro-entrepreneurs," which is prevalent in the sharing economy debates, should not apply to the users of accommodation sharing platforms as long as they are individuals who only generate extra income from hosting. It must be noted, however, that semi-professional and established companies also list properties on accommodation sharing platforms, and these can be called "micro-entrepreneurs" or even "entrepreneurs".

## **5.1.2 Implications for the sharing economy**

This research adds new insights to the sharing economy discourse by analysing the accommodation sector through the lenses of a framework which summarised the claims of the sharing economy that emerged from literature analysis.

The words "sharing" and "economy" appear to be problematic as some of the interviewees believed they were mutually exclusive. The following definition of sharing was mentioned in the literature analysis: "(...) the most universal form of human economic behaviour, distinct from and more fundamental than reciprocity (...)" (Price, 1975, as cited in Belk, 2010, p. 715). However, the definition of sharing could lead to an exclusion of some of the platforms from the concept of the sharing economy. The definition states that sharing is not reciprocity, thus reciprocal platforms would be excluded from the concept. In addition, sharing implies an absence of monetary exchange, which would also exclude rental platforms. The interviews indicated that most of the free platforms are purely about sharing in the traditional sense, while rental platforms serve as a medium to gain financial profits. A new term, "rental economy," is therefore suggested as an umbrella for sharing platforms which allow monetary exchange between their members (the term "rental economy" has been previously used by Miller, 2014). Reciprocal platforms are a hybrid

between free and rental platforms in a sense that the exchange is free but the platforms are for-profit which leaves them in a grey area. Another term, “access economy” is proposed to replace the term “sharing economy” because it could include all of the studied platforms. However, Eckhardt & Bardhi (2015) who coined this term claim that consumers in the access economy are mostly interested in the lower price and convenience than in fostering social relationships. This may be the case with rental platforms, but the claim is in conflict with one of the findings of this study, which shows that users are motivated by different factors and price and convenience is not central for all of them. On the contrary, users of free platforms became members because they wanted to connect with people from other cultures and because they believed the platform offered a more sustainable way to travel. Does access economy therefore only include platforms which members can financially profit from? Or should the term also include the smaller, non-profit platforms? Moreover, should these non-profits be the only platforms under the umbrella of the sharing economy as they are the ones which offer genuine sharing?

Although the concept of the sharing economy has been found problematic and the issue has been exacerbated by an absence of a common definition, the analysis of one of the economic claims found that research should focus on the concept of “underused assets,” which could bring us closer to defining the sharing economy. Underused assets are central in the sharing economy and as the analysis showed, they represent the diversity of sharing platforms.

## 5.2 Methodological and analytical choices

This section will discuss the methods and the analytical framework which were employed in this thesis.

### 5.2.1 Methods

The research used a mixed methods approach in order to gain in-depth insights from accommodation sharing platforms and their users. This approach appeared to be appropriate as the quantitative surveys showed valuable data from a larger population of respondents than interviews would have allowed, while the qualitative interviews brought deeper understanding about the accommodation segment of the sharing economy. Scheduling interviews was rather challenging and some interviewees responded mere days before the deadline (probably due to summer holidays). Their insights were added to the findings and the analysis and proved to be very valuable. Although a number of rental platforms were invited for an interview, only one of them was available. Having insights from a wider variety of rental platforms would have increased reliability of the data. Three reciprocal and three free platforms were included in the study. This was found to be sufficient as each of the platforms was unique and provided interesting insights.

The survey was distributed through a number of channels but did not get a sufficient number of responses from users of reciprocal platforms even though the team of Home Exchange posted it on their Facebook page which had over 160 000 members. In order to provide more reliable data, more respondents would have had to participate in the survey, especially those who are members of reciprocal platforms. Although a sufficient number of responses were recorded from hosts and guests of free and rental platforms, the sample size shrank, as it had to be divided further into responses from users of free and rental platforms.

### 5.2.2 Analytical framework

The analytical framework developed in this thesis was based on a number of literature sources on the sharing economy. However, it must be noted that the concept of the sharing economy is rather novel and academic literature on this topic is scarce. There is, however, a small number of reports on the sharing economy that influenced the design of the analytical framework. These are the

report on the sharing economy by PwC (2015b), the independent review by Woskow (2014) and the Danish report on the climate potentials of the sharing economy by Madsen (2015). Many of the claims in the analytical framework were also elicited from periodicals such as Forbes, The Financial Times, and The Guardian which have designated authors who cover the sharing economy theme. For this reason, the analytical framework is limited by the relatively limited literature on the potentials of the sharing economy. This also seems to be hindered by the fact that the sharing economy does not have a common definition and much of the literature focuses on attempts to define it and distinguish which platforms are a part of the sharing economy and which should be excluded. Ultimately, the concept of the sharing economy has not been fully developed yet which on the one hand hinders research on this issue, but on the other hand leaves much room for contribution from new research. The analytical framework therefore reflects the current discussion on the sharing economy and picks out the sustainability claims which are applicable to the accommodation segment. However, each segment of the sharing economy has different sustainability potentials so there is no such thing as unified sustainability potentials for the sharing economy. Therefore, claims and potentials of each platform should be studied individually.

### **5.2.3 Research aim and objectives**

This research aimed to investigate the claims about the sustainability potential of the accommodation segment of the sharing economy. The two objectives were: (1) to identify claims about the sharing economy pertinent to the accommodation sharing segment and (2) to analyse whether and how accommodation sharing platforms fulfil the claims associated with the sharing economy. Objective (1) was presented in Section 2.6, which dealt with sustainability potentials of the sharing economy divided into economic, environmental and social. Objective (2) was answered in Chapter 4: Analysis, where the claims identified in the literature analysis were analysed using the framework which was developed from the reviewed literature. The sustainability claims relevant for the accommodation segment were further discussed in Section 5.1.1.

The objectives were quite broad and allowed room for discussion. This was found appropriate because of the novelty of the concept of the sharing economy.

### **5.2.4 Generalisability**

The outcomes of the literature review are generalisable as they reflect the current discourse on the sharing economy. However, the qualitative data is only generalisable to a certain extent. This research was largely exploratory so the results are contingent on the platforms which were interviewed. Data reliability was ensured by ten interviews which were almost equally distributed among the three types of sharing platforms. The author is confident that the same data would be collected from interviews with accommodation sharing platforms. The survey is less generalisable due to the small sample. The initial sample of 88 responses would have been sufficient, but the responses had to be divided by hosts and guests, which resulted in smaller samples for some questions.

## 6 Conclusions

This chapter will summarise the main findings, conclusions and contribution to the existing literature. Furthermore, it will provide recommendations and suggestions for further research.

The sharing economy is a new phenomenon and research on this topic is scarce. Proponents of the sharing economy claim that it can address unsustainable consumption and wealth inequality through the distribution of underused assets, but critics are sceptical about many of the sustainability claims which have been made about the sharing economy.

This aim of this thesis was to investigate the claims about the sustainability potentials of the accommodation segment of the sharing economy. Furthermore, the thesis had two objectives:

- 1) *To identify sustainability claims about the sharing economy pertinent to the accommodation sharing segment*
- 2) *To analyse whether and how accommodation sharing platforms fulfil the sustainability claims associated with the sharing economy*

The identified sustainability claims were divided by economic, environmental and social aspects. The main topics addressed the underused assets, the issue of who benefits and how, what the legal and regulatory implications are, and whether the platforms enable more efficient use of natural resources.

It was found that there is a wide spectrum of accommodation sharing platforms with specific features. For simplicity, the author grouped them according to the monetary interaction between the users of these platforms: free, reciprocal and rental.

It was found that the claims and potentials of the sharing economy are largely contingent on individual sharing platforms. The discussion on the sharing economy is therefore incomplete without acknowledging the variety of these platforms. However, a number of general conclusions have been drawn from the Analysis and Discussion.

Everything from couches to entire homes is being shared in accommodation sharing platforms. Similarly, almost anyone can take part in it, both as a host and a guest, but is restricted by their disposable income (guests) and access to underused assets (hosts). This has, however, resulted in many established companies such as hotels and bed and breakfasts, to join rental accommodation sharing platforms. Studies show that the sharing economy is growing exponentially. Should it scale up, regulation of certain types of platforms is encouraged in order to avoid widening of the wealth inequality gap. This is not to say that the sharing economy only brings about negative economic effects. If managed properly, it can, and does provide extra income to individuals and brings more capital to municipalities as guests spend more time in the destination they travel to compared to guests in traditional tourist accommodation, which means they also spend more money.

Accommodation sharing platforms were found not to generate additional carbon emissions as the vast majority of their members use them as a substitute to the incumbent hotel industry. In addition, social interaction and cultural exchange is encouraged in sharing platforms, especially the free ones, which possibly leads to a greater awareness of environmental issues.

A difference in social implications was found across accommodation sharing platforms. Empowerment of their users was found to be encouraged by the free platforms. Users of rental platforms did not feel they could influence how the platform operates. Furthermore, it was found

that although some of the hosts of these platforms are professional companies, it also allows individuals to generate additional income.

## **6.1 Recommendations and suggestions for further research**

Accommodation sharing platforms can use this thesis to expand their knowledge on their sustainability potentials and implications. They are encouraged to cooperate with municipalities on a common sustainability goal. It was already found that they are open to discussion on regulation, which is another topic they can cooperate on. They can also use this thesis to find best case scenarios to solve the issues they are facing. This can be applied for example should the platform consider offering damage insurance or changing their current service. They could also find answers on how to offer a sustainable service and for example encourage environmentally sound behaviour or reach out to their disadvantaged users. Comprehensive recommendations will depend on the type of the platform and the issues they face. Free platforms might be interested in avoiding freeriding; reciprocal in tackling legal issues or how to effectively communicate their business model to the public sector; and rental in the ways they are expected to influence their users and the short-term accommodation market in the future.

Similarly, the public sector such as municipalities and tourist authorities should realise the difference between sharing platforms and encourage a cooperation on sustainability goals as well as a discussion on regulatory and legal issues. It is important to point out that sharing platforms view the public sector as their partners and are open to discussion. Should legal authorities decide to regulate certain platforms, there are materials and best practice scenarios cases available on how to do so in an effective way which will be beneficial for all parties involved. The literature analysis shows that the sharing economy is here to stay and is expected to grow in the future. Regulatory measures and guidelines will become increasingly important and policy makers are encouraged to consider all actors involved.

Some suggestions for future research have been already mentioned in this thesis, but the concluding paragraphs will present a concise summary.

Further research should focus on the specific sustainability factors of the sharing economy, as well as on its indirect and long-term effects. The long-term effects of scaling up are also something to be considered. Studies could focus on finding the tipping point when sharing platforms will disrupt the status quo and the subsequent implications for economic, environmental and social aspects of our society.

This thesis focused had a global scope. For a better understanding of how sharing platforms influence our society, regional studies on the impacts of the sharing economy are needed.

Lastly, the lack of a definition of the sharing economy hinders further research. For this reason, research should focus on the concept of underused assets and on redefining the concept of the sharing economy.

Users of sharing platforms will find useful information on how their consumption patterns influence a wide array of economic, environmental and social aspects of their consumer decisions when they choose to book their trip on an accommodation sharing platform.

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## Appendix

### Appendix A: List of academic interviewees

| <b>Academic Institution</b>               | <b>Name of interviewee</b> | <b>Position</b>         | <b>Medium</b> |
|---|----------------------------|-------------------------|---------------|
| <b>Carnegie Mellon University</b>         | Adrien Querbes-Revier      | Postdoctoral fellow     | Skype         |
| <b>Privatuniversitaet Schloss Seeburg</b> | Franz Huber                | Associate Professor     | Skype         |
| <b>Delft University of Technology</b>     | Udo Pesch                  | Assistant Professor     | Skype         |
| <b>University of Utrecht</b>              | Peter Pelzer               | Postdoctoral researcher | Skype         |

## Appendix B: List of interviewees

| Platform name         | Name of interviewee   | Position  | Medium |
|-----------------------|-----------------------|---|--------|
| <b>9flats</b>         | Robin Zell            | Key Account Manager & PR                                | Phone  |
| <b>Airbnb</b>         | Anne Sofie Kirkegaard | Communications  | Email  |
| <b>Behomm</b>         | Eva Calduch           | Founder   | Email  |
| <b>Behomm</b>         | Agustí Juste          | Founder   | Email  |
| <b>Be Welcome</b>     | Anja Kühner           | Executive, member of the Board of Directors, Chairwoman | Phone  |
| <b>Guest to Guest</b> | Kathryn O’Leary       | Press   | Email  |
| <b>Home Exchange</b>  | Kerry Haider          | Product Manager   | Phone  |
| <b>Home Exchange</b>  | Jim Pickell           | President   | Phone  |
| <b>Trustroots</b>     | Carlos M. Cárdenas    | Founder   | Phone  |
| <b>Warm Showers</b>   | Kyle Egerdal          | Volunteer   | Phone  |

## Appendix C: Survey

### Question

What is your age?

What is your gender?

What is the highest level of education you have completed?

Where do you currently reside?

How would classify your income?

Think about the last time you arranged a trip or someone arranged to stay at your home through a sharing platform. Which platform did you use?

Did you use the above platform as a guest or as a host?

### HOSTS ONLY

Was your home insured against property damage when you last hosted?

Did you generate any income from the exchange facilitated by the aforementioned platform?

Did the income help you pay for your household expenses? i.e. rent, food, utility bills

Is your health insurance currently covered by your employer or state/country?

Do you have a paying, full-time job?

Why did you host on the platform? Please read the following statements and indicate to what extent you agree/disagree

### Choice of answers

18 or under, 19-25, 26-40, 41-55, 56 or over

Female, Male, Other

Grammar school, High school or equivalent, Vocational/technical school, Some college, Bachelor's Degree, Master's Degree, Doctoral Degree, Other (\_\_\_)

Africa, Asia/Pacific, Europe, Latin America, Middle East, North America

Low, Medium, High

Choice of 38 platforms (+other)

A guest, A host, I swapped my home with someone else

Yes, the platform offers insurance; Yes, I have my own insurance; No; I don't know

Yes, No (skip the next question)

Yes, No

Yes, No, I don't know

Yes, No

A set of motivation factors. 5-level Likert scale: Strongly Agree to strongly disagree. The motivation factors: Economic reasons – extra income, I wanted to connect with

Please rank your motivation in order of importance

You can state other reasons for hosting

### **GUESTS ONLY**

With regards to the last trip you booked through the platform, if the sharing platform had not been available...

With regards to the last trip you booked through the platform, if the sharing platform had not been available...

Why did you arrange your trip through the platform? Please read the following statements and indicate to what extent you agree/disagree

Please rank your motivation in order of importance.

people from another culture, I wanted to contribute to a sustainable way of travelling, I wanted to be a part of an alternative

(economic) system, I did it for adventure, I wanted to help people visit my city

1=motivated me the most; 6=motivated me the least

The motivation factors: Economic reasons – extra income, I wanted to connect with people from another culture, I wanted to contribute to a sustainable way of travelling, I wanted to be a part of an alternative (economic) system, I did it for adventure, I wanted to help people visit my city

Open question

I would not have travelled at all (skip the next question), I would have travelled to a destination closer to my home, I would have travelled to a destination further away from my home, I would have travelled to the same destination

I would have stayed for a shorter period of time in this destination, I would have stayed for a longer period of time in this destination, I would have stayed at the destination for the same amount of time

A set of motivation factors. 5-level Likert scale: Strongly Agree to strongly disagree. The motivation factors: Economic reasons – it is a cheaper way to travel, I wanted to connect with people from another culture, I wanted to contribute to a sustainable way of travelling, I wanted to be a part of an alternative (economic) system, I did it for adventure, I wanted to visit a place "off the beaten track"

1=motivated me the most; 6=motivated me the least.

The motivation factors: Economic reasons – it is a cheaper way to travel, I wanted to connect with people from another culture, I

wanted to contribute to a sustainable way of travelling, I wanted to be a part of an alternative (economic) system, I did it for adventure, I wanted to visit a place "off the beaten track"

You can state other reasons for arranging your trip through the platform

Open question

HOME SWAPPING – NOT INCLUDED

### **HOSTS, GUESTS AND HOME SWAPPERS**

Do you agree/disagree with the following claims?

A set of motivation factors. 5-level Likert scale: Strongly Agree to strongly disagree.  
I can influence how the platform is run (i.e. organisation, design, delivery of the service); I trust the people I meet through the platform

## Appendix D: Interview Guide

Name of organisation

Name of interviewee

Position

Permission to record the call

Introduction

### Questions:

1. Who are your members? (Demographics + are they individuals sharing their homes or companies/people renting several properties?)
2. What are your users' responsibilities?
3. What is being shared? (Proportion of couches/rooms/flats/entire homes)
4. Would you say your organisation creates entrepreneurial opportunities? What type is created? How many positions?
5. Have you faced any legal problems from the incumbent businesses or other sharing organisations? How have you dealt with them?
6. Have you influenced the incumbent hotel industry in any way?
7. Does the platform cooperate with the public sector (i.e. municipalities or the government)? How?
8. Who are the key partners without whom the organisation would not be able to be sustained? Does the organization lobby in support of the sharing economy, and how?
9. What do you think is the platform's effect on the environment?
10. Does the platform encourage environmentally friendly practices in any way?
11. What is your users' average length of stay?
12. Can the users influence the way in which the platform is run? If so, in what way?
13. Are there any cases of freeriding? How can they be avoided?
14. Are you open to the idea of introducing certain (employee) benefits to your hosts? Please discuss and indicate your reasons.
15. Is the existing legislation supportive or restrictive of your activities?
16. Does the organisation adhere to any regulations such as zoning laws, health & safety rules or licencing?
17. Have these ever been an issue for the platform? If so, how did it deal with them?

18. What can be done in order to increase hosts' awareness of and compliance with the above regulations? Has the organisation taken any steps in order to tackle this issue?
19. In what way would the legislation need to be changed to improve the survival, stability and competitiveness of your sharing organisation?
20. What are the mechanisms for the members' protection? Do you offer any kind of insurance to your users? This may include travel, property damage, trip/booking cancellation and other insurance.

Guide: **Social**, **Economic**, **Environmental**, **Background information**

Permission to include their name in the list of interviewees

Suggestions for other people to interview





