Centre for Cultural Policy Studies
Best Student 2012–13

Katie Finley
Trust in the Sharing Economy: An Exploratory Study

1257276
MA Global Media and Communication

September 2013
Acknowledgements

Special thanks to:

Dr. David Wright, both for supervising this project and for two excellent courses during the year.

P, for boundless wisdom, and M & D, for everything.
# Table of contents

**Introduction**

1 The sharing economy  5  
1.1 Societal drivers  5  
1.2 Economic drivers  6  
1.3 Technological drivers  7  
1.4 Introduction to trust in the sharing economy  8

2 Trust: A theoretical framework  10  
2.1 Defining trust  10  
2.1.1 Expectation  11  
2.1.2 Risk  11  
2.2 Types of trust  13  
2.2.1 Generalized trust  13  
2.3 Context: Online trust  15  
2.3.1 Reputation systems  18  
2.3.2 Social graph integration  19  
2.3.3 Trust in the marketplace intermediary  21

3 Introduction to the Airbnb case study  24

4 Research design  27  
4.1 Exploratory purpose  27  
4.2 Qualitative methodology  27  
4.3 Data collection  28  
4.3.1 Document review  29  
4.3.2 Interviews  30  
4.4 Data analysis  31  
4.5 Limiting considerations  34

5 Results and discussion  36  
5.1 Reasons for using Airbnb  38  
5.1.1 Value for money  38  
5.1.2 Flexibility  39  
5.1.3 Cultural experience  40  
5.2 Perceived risks of using Airbnb  41  
5.2.1 Lack of site-wide hospitality standards  41  
5.2.2 Listing not accurately represented  42  
5.2.3 Personal safety  43  
5.3 Trust-enabling elements of host profiles  43  
5.3.1 Reputation system  44  
5.3.2 Listing and host profile photos  47  
5.3.3 Social graph influence  49  
5.4 Why Airbnb is a trusted market intermediary  52  
5.4.1 Website design  53  
5.4.2 Customer service  55

6 Conclusion  57

7 References  61

8 Appendix  69
List of figures

| FIGURE 1    | Trust transitivity principle                  | 20 |
| FIGURE 2    | Airbnb user profile                          | 25 |
| FIGURE 3    | Iterative cycles between theory and data     | 28 |
| FIGURE 4    | A partially coded interview on the Dedoose dashboard | 32 |
| FIGURE 5    | The Dedoose control panel                    | 33 |
| FIGURE 6    | Filtering excerpts                           | 33 |
| FIGURE 7    | Participant demographic information          | 36 |
| FIGURE 8    | Research sub-questions, codes, and emergent themes | 37 |
| FIGURE 9    | Airbnb listings                              | 44 |
| FIGURE 10   | Airbnb’s reputation system                   | 45 |
| FIGURE 11   | Airbnb listing photos                        | 48 |
| FIGURE 12   | Airbnb host profile photos                   | 49 |
| FIGURE 13   | Airbnb social graph integration              | 50 |
| FIGURE 14   | Airbnb “Social Connections”                  | 51 |
| FIGURE 15   | Airbnb’s home page                           | 53 |
| FIGURE 16   | Airbnb “Verified Photos”                     | 54 |
| FIGURE 17   | Airbnb’s customer service bandwidth          | 56 |
| FIGURE 18   | TrustCloud founder Xin Chung’s TrustCard      | 59 |
Introduction

All over the world, people are renting rooms from strangers through Airbnb, outsourcing grocery trips to TaskRabbits, and getting across town with ride-sharing service BlaBlaCar. These people are participating in the sharing economy, an estimated $26 billion sector that has rapidly grown from a niche market to a mainstream social movement. In the midst of dwindling global resources, unprecedented technological advances, and 5.5 quadrillion non-biodegradable plastic polymer particles – “nurdles” – floating in the Pacific Ocean, people are adopting new practices and using new services that reduce waste and extract more value from current possessions. In other words, people are beginning to share.

Sharing is intrinsic and intuitive, and is inextricably entwined with the progression of human development. Sharing is one of the oldest human behaviors (Rinne et al. 2013); humans have hunted and gathered in packs, farmed in cooperatives, and bartered through trade networks for thousands of years. The commons – from drinking water to grazing land, and more recently from roads to infrastructure – are intrinsic to our everyday lifestyles, yet have slipped out of the collective lens of awareness as populations are increasingly urbanized, personalized, and privatized (Burnham 2011). The global population has become entrenched in the dominant ownership mindset. People are wading through an asset-heavy lifestyle engineered by the rise of hyper-consumption with a whole lot of stuff, most of which isn’t really wanted, needed, or even used. While established businesses continue to hammer consumers with various iterations of the same proven formula – create product, sell it, collect money, repeat – a new, grassroots model of doing business is emerging, providing consumers with the power to get what they want and need at less personal and environment cost (Gansky 2010). This emerging business model, a broad trend that is impacting every sector of society and business, is called the sharing economy.
The sharing economy can be conceptualized as a large-scale social shift with firm roots in the invention of the Internet. Just over fifteen years back, sharing economy forerunners eBay and Craigslist launched, empowering people to become both buyers and sellers through the widespread adoption of peer-to-peer (P2P) commerce. This P2P transaction model enabled people to effectively unlock and redistribute the untapped value of underutilized assets, “capitalizing on our newly found ability to use the Internet to match millions of haves with millions of wants, instantly and efficiently” (Rinne et al. 2013: 3). In the sharing economy – also referred to as “collaborative consumption” – consumers are empowered to transact directly with one another, a disruptive collective behavior that is redefining traditional market relationships and impacting previously ubiquitous business models of production, distribution, and consumption. Rachel Botsman, pioneering author and advocate at the helm of the movement, argues that the sharing economy isn’t a transitory trend, but rather “a powerful cultural and economic force reinventing not just what we consume, but how we consume,” an effective transition from a culture of “me” to a culture of “we” (Botsman 2010). Enabled by sharing-sector businesses that have garnered robust financial backing – Owyang (2013) finds that a sample of just 200 sharing startups have raised $2 billion in venture capital – growing numbers of consumers are sharing homes, clothes, rides, cars, power tools, office space, bikes, skills, meals, parking spots, gardens, and much more.

The continued growth of the sharing economy is contingent upon one crucial factor: trust. Trust is the enabling factor inherent within all sharing-sector activities. Because of its centrality to the success of the sharing economy, various thought leaders – entrepreneurs, social advocates, academics, investors, journalists – have opined as to how trust is established and maintained among strangers engaging in P2P transactions. Despite the prevalence of these expert analyses
in the sharing economy media discourse, the voice of those who are regularly engaging in sharing behaviors, the users, remains under-represented. This thesis accordingly approaches the question as to how trust is established and maintained in the sharing economy from the perspective of the user.

An interpretive case study is utilized to most effectively explore the robust set of emergent themes surrounding this complex trust. The selection of a specific platform, Airbnb, a global P2P accommodation-sharing website, was fairly straightforward. Airbnb is one of the most dominant extant P2P services, illustrated by a hockey-stick growth curve (the company had booked 5 million nights by February 2012, and 10 million nights by June of the same year), and an estimated $2.5 billion valuation (Thomas 2013, Sacks 2013). Over 300,000 Airbnb listings (including 500 castles and 200 tree-houses) are active in over 19,000 cities and 192 countries (Fiegerman 2013). But most importantly, Airbnb users are arguably engaging in the type of P2P transaction most reliant on trust to be successful: sharing a home with a stranger. Furthermore, in the wake of a high-profile 2011 incident involving burglary, vandalism, and identity theft in San Francisco, Airbnb has added a $1 million host property guarantee and a veritable army of customer service representatives available 24/7 anywhere in the world. To access the most salient and credible information regarding perceptions and experiences with the service, the research surveyed a sample of well-traveled, highly active Internet users by means of qualitative interviews. The information derived from these interviews was then iteratively coded and analyzed with respect to four research sub-questions (specific to Airbnb) developed over the course of the research, as well as in the context of an analysis of relevant sectoral content. To conclude, emergent themes are discussed with regard to the potential for a portable reputation
system that could provide a scaffolding of trust for the growing sharing economy in coming years.

In order to contextualize the investigation, the first two chapters will consist of a literature review. The first chapter will discuss the societal, economic, and technological drivers of the growing sharing economy, and the critical role of trust in maintaining this growth. The second chapter will then review and distill the diverse body of academic literature regarding trust theory; this theory will be further examined specifically within the online setting, and critically applied to a discussion of reputation systems, social graph integration, and trust in the marketplace intermediary to further tease out the theoretical nature of online trust in P2P environments. This literature review will provide the theoretical foundation for the subsequent empirical section of the research.
1 The sharing economy

The rising sharing economy is driven by three separate market forces: societal drivers, economic drivers, and technological drivers (Owyang 2013). These forces will be presented in the next sections and followed by a discussion regarding the critical role of trust in the sharing economy.

1.1 Societal drivers

More than seven billion people live on the planet, and natural resources – including land, potable water, and oil – are being consumed at an unprecedented rate across the globe. Simultaneously, population and urbanization continue to rise, as younger cohorts are booming and older people are living longer (Rinne et al. 2013). By mid-century, the global population is expected to exceed nine billion. These complementary population and resource pressures are driving the adoption of alternative consumer behaviors; the motivation to increase efficiency and reduce waste has never been higher. Gansky (2010: 28) summarizes the situation in proclaiming “Simple math suggests that in order to have a peaceful, prosperous, and sustainable world, we are going to have to do a more efficient job of sharing the resources we have.”

Yet population density and increasing urbanization also drive the sharing economy in another way: the decrease in friction of sharing behaviors. Urban populations are poised to reap the largest benefits of sharing, as the ability to deliver what a consumer wants when it is wanted depends on how many neighboring consumers have it. It is projected that 75 percent of the population will live in the world’s cities by 2050 (Hejne 2011); such population density will drive the critical mass – and consequent convenience and choice – required for successful marketplace creation.
Another societal driver is manifested by a widespread desire for community. Gansky (2010: 50) notes the within the sharing economy, parties not only transact but engage in “rich social experiences.” The adoption of the sharing economy fosters “small world”-type environments across the globe as people reconnect with neighbors and local communities. Owyang (2013: 5) finds this latent desire to connect evident in many different sectors of the sharing economy, stating “Airbnb guests prefer the experience of staying in a home or neighborhood. Kickstarter funders get to know the makers, inventors, and entrepreneurs behind projects.” Individuals within the sharing economy are increasingly bypassing faceless brands in favor of transacting with and getting to know one another.

1.2 Economic drivers

The 2008 financial crisis prompted a widespread distrust of traditional brands and models, fundamentally shocking consumer behaviors and stimulating a value shift in which people began to critically assess what makes them happy (a notion previously bound up with hyper-consumption), and how to best access what they want and need (Botsman 2011). P2P firms emerged in the recession’s aftermath as the pragmatic solution to both an economic crisis and a larger psychological value shift; many perceived sharing as a “post-crisis antidote to materialism and overconsumption” (The Economist 2013). Within the larger context of consumer distrust and financial strain, two economic themes have surfaced: the power of idling capacity and the related ideological orientation toward access over ownership.

Botsman illustrates what she defines as “the power of idling capacity” with a power drill. According to Botsman and Rogers (2010), half of all U.S. households have purchased their own power drill. Yet the average person uses a power drill somewhere between just six and thirteen
minutes over the course of its entire lifetime; this rampant power drill-purchasing phenomenon results in 50 million unused power drills gathering dust in American garages. Botsman labels the unused potential of those 50 million drills as idling capacity. She further finds that a full 80 percent of the items people own are used less than once a month, concluding that the heart of the sharing economy movement lies within capturing this idling capacity and redistributing it elsewhere. Consumers are increasingly recognizing that they are surrounded by idle value – stuff, spaces, skills, time, land – all which can be shared and monetized. In other words, sharing economy users can maximize yield management of what they already have (Gansky 2010).

Capitalizing on idling capacity alludes to the central conceit of the sharing economy: the prioritization of access over ownership. The incentives are largely economic – cars, for instance, are ubiquitous, expensive and underutilized assets. The Economist (2010b) finds that on average, a British car is driven for less than an hour a day, but costs about £5,500 per year to own. Car owners greatly benefit from sharing their cars or not owning a car at all, saving an average of £250-400 per month on insurance, maintenance, and other costs (Gansky 2010). Convenient access to goods – to idling capacity – benefits both parties in the transaction, effectively incentivizing access over ownership for a number of high-value, low-use items.

1.3 Technological drivers

Every aspect of the growing sharing economy has been accelerated and facilitated by technology. With 33 percent of the world’s population connected to the Internet and a projected 70 percent of the world’s literate population owning a smartphone within four years, society is connected at an extraordinary magnitude and depth (Suster 2013). The most impactful Internet feature driving the sharing economy is the increasingly ubiquity of social networking and real-
time technologies (Botsman 2010). Social networking aggregates supply and demand at an unprecedented speed and scale. The availability of data renders transactions cheap and easy; using social networks, sharing businesses can “define and deliver highly targeted, very personal goods and services at the right time and location” (Gansky 2010: 3). Concomitant technological advancements in payment systems have made the process of sharing even more frictionless; most sharing businesses use e-commerce and payment platforms to seamlessly broker transactions between peers, and Owyang (2013) found that 27 of the 30 top sharing businesses rely on online or mobile payment systems. Ultimately, “Technology now makes the act of renting a car from your neighbor a really smooth experience” (The Economist 2010a: 1).

1.4 Introduction to trust in the sharing economy

While the sharing economy’s social, economic, and technological drivers are convincingly pragmatic, the benefits – what Gansky (2010) refers to as the “triple bottom line” of greener commerce, greater profits, and rich social experiences – are even more compelling. These benefits can only be realized if P2P marketplaces are safe, well-lit places to conduct business. A score of high-profile incidents over the course of the past few years have posed a threat to the continued growth of the sharing economy. In 2011, an Airbnb host came home to an aggressively ransacked apartment, finding her cash, credit cards, jewelry, and electronics missing, as well as evidence that the thieves had photocopied her birth certificate and social security number (Arrington 2011). HiGear, a car-sharing service focusing on luxury vehicles, was forced to shut down in early 2012 after a criminal ring used stolen identities and credit cards to bypass security checks and stole four cars totaling $400,000 (Perez 2012). And Lyft, a ridesharing company sporting the tagline “your friend with a car,” was the subject of a widely
publicized stalking episode involving a Lyft driver and his female passenger (Biddle 2013). Fortunately, such incidents are rare exceptions, not the rule, but these outliers nonetheless highlight the centrality of trust.

While pragmatically driven by the social, economic, and technological factors discussed above, the continued global growth of the sharing economy is contingent upon one core, intangible element comprising the foundation upon which all sharing transactions occur: trust. Campbell Mithun’s January 2012 survey found that a full 67 percent of respondents expressed trust concerns as the primary barrier to using a sharing economy business (Davis 2012). Results from a similarly expansive online survey conducted by TrustCloud suggested that trust indicators enable online P2P transactions (Pick 2012). In these environments, trust is essential – Rinne et al. (2013: 4) conclude, “Trust is the social glue that enables collaborative consumption marketplaces and the sharing economy to function without friction.” A working theoretical framework of trust will thus be presented in the next chapter.
2 Trust: A theoretical framework

Academic interest in trust can be traced back through fifty years of research. The great majority of leading scholars, however, cite a continued ambiguity surrounding a concrete, universally accepted definition of trust, and varied streams of divergent research regarding the core elements of its very nature (Barber 1983; Misztal 1996; Seligman 1997; Hardin 2002; Stolle 2002; Khodyakov 2007). Despite this confusion, trust has been delineated as the crux of social order, enabling economic productivity and democratic stability, as well as civic integration, cohesion, and engagement (Offe 1999; Lewicki et al. 1998; Newton 2001; Stolle & Hooghe 2004; Welch et al. 2005). As such, scholars have generally agreed trust maintains a critical importance and productive, cohesive function in the context of individuals, communities, regions, and nations (Stolle 2002). In the following discussion, I will operationalize the nature of trust salient to the sharing economy.

2.1 Defining trust

Trust has been defined within many theoretical orientations, as a property of the individual and of the collective, and within the context of many intellectual disciplines, including psychology, sociology, political science, economics, anthropology, and management science. Within this abundance of conceptualizations are two emergent properties that, together, comprise a definition of trust: expectation and risk. To define trust, I will begin by investigating the relationship between trust and expectation, and will then build on this relationship by adding in further considerations of uncertainty and vulnerability inherent in risk.
2.1.1 Expectation

At a fundamental level, trust can be encapsulated by a basic expectation regarding the behavior of an interaction partner (Möllering 2001). A trusting relationship is contingent upon two factors: first, that the other party has good intentions (Freitag & Traunmüller 2009), and second, that the other party has the technical competence to implement those intentions (Yamagishi & Yamagishi 1994). Rotter (1971) and Ba (2001) extend this combination of goodwill and competence to reliability; beyond the good intentions and required capabilities, individuals must be relied upon to choose the trustworthy course of action in the face of freedom to renege on the trusting relationship. Luhmann (cited in Beldad et al. 2010: 858) characterizes this behavioral freedom as the “disturbing potential for diverse action,” and contends that trust is an expectation that others will handle this freedom “in keeping with the personalities they have presented and made socially visible.”

Trust, then, also contains an indispensable element of risk. Bradach and Eccles (1989: 104) reconcile such expectation and risk in declaring, “trust is a type of expectation that alleviates the fear that one’s exchange partner will act opportunistically. Of course, the risk of opportunism must be present for trust to operate.” The omnipresence of risk in trusting relationships constitutes the second piece of the definition of trust.

2.1.2 Risk

Many scholars assert that the decision to trust inherently implicates a situation of risk (Luhmann 1988; Sztompka 1999; Hardin 2002; Huemer 2004; Wang & Emurian 2005). As long as the possibility of betrayal or defection exists – even when the risk is assessed as negligible – a situation requires trust (Kee & Knox 1970; Gambetta 1988). This element of other-party agency
is central to forming a complete picture of a trusting relationship, as “trust is a bet on the future contingent actions of others” (Sztompka 1998: 20). Yamagishi and Yamagishi (1994) indicate that trust is the mechanism by which individuals can regularly engage with others – despite ubiquitous social uncertainty – to obtain necessary psychological and material resources.

This extant and ubiquitous nature of social uncertainty throughout all social exchange highlights the inextricable relationship between trust and risk. Proponents of rational planning theory postulate that the decision to accept risk and place trust is a rational assessment of the probability of expected gain (Coleman 1990). Unfortunately, the use of rational planning to assess risk and accordingly grant or withdraw trust is not always pragmatic. Sztompka (1999) notes the human vulnerability to psychological biases and emotional, irrational behavior; even if individuals were calculating, rational agents existing in a deterministic universe, fully assessing the risk of every trusting decision would often be inefficient. Luhmann (cited in Beldad et al. 2010) asserts that the function of trust is to reduce environmental complexity, continuously simplifying life through repeated risk-taking; such behavior allows individuals to adapt and continue to function normally as they encounter increasingly complicated situations in contemporary societies (Welch et al. 2005).

In summary, trust is a multifaceted concept comprised of expectation – contingent on both benign intentions and competency – and risk. While individuals optimally negotiate expectations and the associated risk by means of a thorough process of rational decision-making, such a method is not always feasible in the context of an individual’s time and resources. Thus, trust can be defined as a mobilizing mechanism allowing individuals to navigate the environmental complexity of modern society and act on expectations despite extant risks.
2.2 Types of trust

The above definition of trust can be operationalized further into two distinct types. Many scholars (Yamagishi & Yamagishi 1994; Couch & Jones 1997; Putnam 1993, 2000; Hardin 2002; Stolle 2002; Glanville & Paxton 2007; Khodyakov 2007; Uslaner 2000; Freitag & Traunmüller 2009; Delhey et al. 2011) identify particularized and generalized trust as two significant, emergent theoretical streams within trust research, as the nature of trust diverges most dramatically in exchanges with people we know well and people we have never encountered before. While particularized trust – what Putnam (2000) refers to as “thick trust” – is extended to a circle of close social proximity, generalized trust encapsulates an abstract attitude toward people in general, and has a broad radius that extends beyond the immediate social scope to include strangers. Such generalized trust is most relevant to transacting with strangers in the sharing economy.

2.2.1 Generalized trust

There are two emergent properties of generalized trust in academic literature. The first asserts that generalized trust goes beyond the boundaries of face-to-face interaction, and “beyond specific personal settings in which the partner to be cooperated with is already known” (Stolle 2002: 403). As such, generalized trust involves a “standard estimate” of the trustworthiness of any given trustee – trustors must approximate a level of trust to place in the average person (Coleman 1990; Robinson & Jackson 2001; Glanville & Paxton 2007). The second emergent property of generalized trust implicates the nature of the generalized trusting attitude. Yamagishi and Yamagishi (1994) and Couch and Jones (1997) both classify generalized trust as global trust in the benevolence of human nature, and Putnam (2000: 133) contends it can be viewed as “a
‘standing decision’ to give most people…the benefit of the doubt.” Conceptually, then, generalized trust can be described as an attitude extrapolated from the willingness to place trust in the abstract other.

Sharing economy communities, in which people must trust a stranger to drive their cars or stay in their apartments, are thus contingent on the continued development of generalized trust. The rise of the sharing economy is emblematic of a larger global movement characterized by increasing geographic and social mobility producing diverse interactions in a variety of new contexts and regular encounters with new interaction partners; as such, generalized trust is highly relevant in the contemporary setting. Generalized trust has been characterized as a critical element of social capital and the foundation of civic behavior (Stolle 2002), as the basis of reciprocity and social connectedness (Delhey et al. 2011), and as a ‘bridging’ mechanism linking people to engage with others unlike themselves (Stolle & Hooghe 2004). Because of its productive social function, generalized trust is often cited as more important than particular trust (Delhey et al. 2011).

The importance of generalized trust can also be derived from its utility; Granovetter (1973) cites the importance of weak ties to individual opportunity and community integration, and Khodyakov (2007) notes that the development of weak social ties is crucial to acquiring otherwise inaccessible resources. In the sharing economy, generalized trust connects us to available resources when we need them through a technologically mediated trust network; without generalized trust, members of the sharing economy would not be able to efficiently capitalize on the latent value of nearby resources.
2.3 Context: Online trust

The development and maintenance of generalized trust is critical to enabling the sharing economy; this development is in turn contingent upon the context in which this trusting behavior occurs (Stolle 2002). Fundamentally, a trusting relationship is not absolute – a trustor will trust a trustee with respect to the trustee’s capability to execute a specific action or service within a particular context (Grandison & Sloman 2000). A trustor might trust in some contexts, but not others (Lewis & Weigert 1985), and such trust is affected by individual differences and situational factors (Wang & Emurian 2005). Gefen (2000: 727) encapsulates this analysis in concluding “trust is, by its very nature, complex, multidimensional, and context-dependent.”

The online context presents a unique setting for the investigation of trust, as the emergence of Web 2.0 technologies is impacting the nature of commerce and relationships in unprecedented ways. Online interactions, comprised of “a complex blend of human actors and technological systems” (Friedman et al. 2000: 36), are taking place by means of an increasing body of applications and virtual environments in which users interact both through content and directly with one another (Golbeck 2009). Such virtually mediated interactions offer abundant opportunities to engage with complete strangers (Resnick et al. 2000). The rapidly evolving capabilities and features of online interactions are giving rise to new, emergent paradigms of human behavior within these settings.

Consequently, the online setting presents an entirely new context in which trust must be negotiated without many of the normal antecedents and indicators. With its many variables and unknowns, the Internet can be seen as a setting in which the conventional rules and knowledge of everyday experience do not apply, and as such is perceived as a place of high risk (Rutter 2001), especially with regard to electronic commerce. Users face privacy risks in that personal
information can end up in the hands of the wrong people, and financial risks through transacting
with unreliable parties (Golbeck 2009). And, as Ba (2001: 325) comments, “With the global, but
insecure, Internet being the primary carrier of electronic commerce transactions, websites can be
counterfeited, identities can be forged, and the nature of transactions can be altered.” Trust,
therefore, is increasingly recognized as a crucial element of enterprise success in the online
setting (Corritore et al. 2003, Beldad et al. 2010).

Trust is important in both business-to-consumer (B2C) and peer-to-peer (P2P)
transactions. In B2C transactions, lack of trust has been identified as a major impediment to the
adoption of online shopping (Chang et al. 2013). High levels of consumer trust stimulate online
purchase intentions and support online customer retention, while low levels are the primary
reason individuals refrain from shopping online (Gefen & Straub 2004). In P2P transactions (in
“marketplaces”), trust is even more crucial, as “peers often…need to manage the risk involved
with the interactions (transactions) without any presence of trusted third parties or trust
authorities” (Xiong & Liu 2002: 1). The development of trust in the online context is essential to
the success of P2P transactions, and the centrality of its role can be traced to two factors: the
impersonal nature of the online environment and the inherent information asymmetry in
transacting online.

Traditional commerce has a long history of face-to-face contact, and for many years, was
conducted predominantly among parties that knew each other or were in close physical
proximity; more recently, however, transactions have increasingly taken place between parties
hundreds of miles away, without the possibility for personal contact between buyer and seller
(Fukuyama 1998). As such, in the absence of physical interactions and personal contact in
virtually-mediated transactions, informative sensory data cues are absent, and “the usual process
of validation and authentication which traditionally informs our perceptions of trust is missing” (Kwan & Ramachandran 2009: 289).

Information asymmetry – which colloquially means that both parties do not have the same information – is similarly intrinsic to the online setting. Information asymmetry is manifested in two different parts of online transactions, namely, the identity of online parties and product quality. Asymmetry with regard to online identities can be distilled into three parts. First, people often transact online with parties they have never met, subjecting buyers to an even greater risk of opportunistic seller conduct than do online storefronts (Pavlou & Gefen 2004). These opportunistic parties can easily remain unidentified or change their identities (Ba 2001), which implicates the second part: anonymity. Anonymity undermines a climate of trust (Friedman et al. 2000); it is easier to cheat if the seller identity cannot be fully assessed during the transaction (Pavlou & Gefen 2004). Third, it is often difficult to bind an online identity to a single person; Ba (2001) contends that it is particularly difficult to bind one identity to one trader in an auction marketplace, where identities are easily obtained at low cost.

The second manifestation of information asymmetry occurs with relation to product quality, stemming from the fact that the online consumer has no opportunity to see and test out the products before he purchases. Further, the buyer often has to pay for the goods before receiving them, exposing the buyer to accept the “risk of prior performance” (Jøsang et al. 2007). Buyers’ trust in sellers, then, is focused on whether sellers faithfully relate product quality, and renders buyers vulnerable to a lack of seller integrity manifested in misrepresentation (Gefen et al. 2008). This knowledge gap between buyer and seller necessitates a high level of trust in the online context.
Clearly, mechanisms to engender trust among online users are essential. The next sections explore three different means by which risks can be mitigated and trust can be engendered in P2P marketplaces: reputation systems, social graph integration, and trust in the marketplace intermediary.

### 2.3.1 Reputation systems

The largest and most well-known P2P marketplace is the multi-national and multi-billion dollar company eBay, an auction site with hundreds of millions of listings live at any one time (Swallow 2010). eBay attributes its high rate of successful transactions to its reputation system, the Feedback Forum (Resnick et al. 2000), and was arguably the first Web 1.0 company to popularize the concept of P2P buyer and seller reputation scores (Kwan & Ramachandran 2009). Reputation systems can mitigate product quality uncertainty by instilling confidence in the seller; that is, the buyer can be confident that the purchase will meet expectations as long as the buyer trusts the seller (Jøsang et al. 2007). Further, individuals buying and selling goods on eBay are highly attuned to the value of a good reputation, as a positive or negative rating often translates to high, low, or no sales (Burnham 2011).

In the online context, reputation is a quantity derived from the underlying network – a collective measure of trustworthiness calculated from other community members’ referrals and ratings – which is globally visible to all network members (Jøsang et al. 2007). Reputation systems are collaborative filtering mechanisms, providing a metric by which transacting parties might judge who is trustworthy when the parties lack a history of personal experience with one another (Corritore et al. 2003). The effectiveness of reputation systems is a product of Web 2.0 technologies. While the communication of trust- and reputation-related information is normally
constrained to physical communities offline, the Internet enables such information to be efficiently collected and distributed on a global scale (Jøsang et al. 2007).

The propagation of reputation is a form of social control, where an agent’s behavior in a system is influenced by the cooperative behavior of other agents (Abdul-Rahman & Hailes 2000). The enforcement is driven by the idea that dishonest behavior from one agent will provoke sanctions from other agents in the system (Ba 2001). The community effectively polices itself due to the damaging effects of acquiring a bad reputation; deviant strategies are rendered unprofitable, and do not provide an attractive model for imitation (Axelrod 1984). Reputations systems further incentivize good behavior, which has a positive effect on overall market quality (Jøsang et al. 2007). A good reputation is a desirable form of social capital (Abdul-Rahman & Hailes 2000); by reducing the magnitude of transaction-specific risks, reputable sellers can command price premiums (Xiong & Liu 2002). Ultimately, a reputation system must accomplish three things: “It must provide information that allows buyers to distinguish between trustworthy and non-trustworthy sellers, encourage sellers to be trustworthy, and discourage participation from those who aren’t” (Resnick & Zeckhauser 2002: 129). In these ways, reputation systems can build trust and enable transactions among users of P2P marketplaces.

2.3.2 Social graph integration

A second mechanism with the capability to increase trust in online P2P marketplaces is the implementation of social networking features, or the leveraging of pre-existing relationships (and by extension, existing pre-established trust) from the social graph. Such integration in P2P marketplaces has two purposes in building online trust: confirming identity and establishing
transitive trust. Functionally, by orienting a user in the social graph, other users can view further information about that user (contingent on privacy settings), such as location, employment, interests, frequency of online social activity, and friends, and become further reassured that the user corresponds to a real offline identity. Crafting an authentic set of social networking profiles is a lengthy, high-cost activity, and it is unlikely that a user with a robust social media presence on social media will not be tied to that singular offline identity. Kwan and Ramachandran (2009: 301) refer to the effect of social graph integration as “authentication and verification,” a process ensuring that “the platform upon which the relationship is based (identity) is not compromised.” The connection of various social networking profiles effectively verifies a user’s place within a network and binds that user to an offline identity.

A second function of social graph integration is the establishment of transitive trust between users separated by varying degrees of separation. The trust transitivity principle refers to “The idea that when Alice trusts Bob, and Bob trusts Claire, and Bob refers Claire to Alice, then Alice can derive a measure of trust in Claire based on Bob’s referral combined with her trust in Bob” (Jøsang et al. 2007: 624).

![Figure 1: Trust transitivity principle (Jøsang et al. 2007).](image)
To this effect, social networks can be perceived as networks of personal endorsement; the social links established between users are evidentiary of an existing level of trust (Swamynathan et al. 2008), and each link can be considered an implicit recommendation for the user to which another user has linked (Hogg & Adamic 2004). Jensen et al. (2002) find that information derived from social networking connections is influential in users’ decision-making processes, and Freedman and Jin (2008) further conclude that social network variables have the potential to compensate for a lack of “hard” information by conveying “soft” information. Ultimately, the integration of the social graph is a robust method by which marketplaces users can confirm other users’ offline identities and can make informed trusting decisions based on the nature of the degrees of separation.

2.3.3 Trust in the marketplace intermediary

Constructing a trustworthy marketplace intermediary constitutes a third dimension by which trust can be developed in P2P transactions. This component of trust development is high cost in that it entails the most involvement from administrators and designers, but also delivers high value to users in alleviating the burden of relying solely on reputations and relationships (Kwan & Ramachandran 2009). Pavlou and Gefen (2004) accordingly claim that one of the main functions of the intermediary is building buyers’ trust, as buyers who trust in an intermediary’s foundational institutional framework will also trust the community of sellers due to their perceived association with that intermediary. An online marketplace intermediary is the equivalent of a conventional middleman; it is “A third-party institution that uses the Internet infrastructure to facilitate transactions among buyers and sellers in its online marketplace by collecting, processing, and disseminating information” (Pavlou & Gefen 2004: 44). These
intermediaries (websites) can build trust into their marketplaces through a number of dimensions, including aspects of aesthetic and functional interface design, branding, active communication, and institution-based mechanisms such as guarantees and escrows.

A well-designed interface, both aesthetically and functionally, can have a large impact on perceived trustworthiness of the website, as consumers have a proclivity for relying heavily on website design; aesthetically, high-quality images of products, appealing visual design elements, and an overall professional appearance give trustworthy cues (Corritore et al. 2003). Functionally, websites offering a seamless user experience (UX) evoke trust from their users. Schneiderman (2000: 49) encapsulates good UX in contending “A well-designed website should have orderly structure with convenient navigation, meaningful descriptions of products, and comprehensible processes for transactions,” and Grabner-Kraeuter (2002) accordingly asserts that the website’s functionality communicates trustworthiness. In effect, the combination of aesthetic professionalism and well-designed user experience are critical in building trust in a marketplace intermediary.

Branding is a further determinant of online trust (Shankar et al. 2002). According to Fukuyama (1998), the branding of a marketplace intermediary can serve as the “surrogate” for face-to-face relationships; as such, the brand image of a website carries sizeable influence on user trust and perceived risk, and by extension on their transaction intentions (Kim & Park 2012). Policies promoting active communication between the brand and its users further engender online trust (Kim & Park 2012), and ease of communication with a website’s live customer representatives is similarly a positive trust cue (Corritore et al. 2003).

Guarantees represent yet another avenue through which marketplace intermediaries can instill trust in their user base. In the context of online interactions, buyers are often uncertain as
to whether they will recover damages, especially if the company has no “brick-and-mortar” presence (Grabner-Kraeuter 2002). Trustworthy marketplace intermediaries will protect buyers from crooked or fraudulent sellers by providing limited financial liability; “This absorption of risk…reduces buyers’ perceived risk from transacting with its community of sellers” (Pavlou & Gefen 2004: 45). Such institutional backups can also be manifested in the form of escrows. Escrows ensure that the funds are released by the buyer only when both parties agree that the terms of the deal have been fulfilled (Pavlou & Gefen 2004), and help to establish a sense of transaction safety among P2P buyers and sellers.

The investigation of trust in the context of a specific marketplace intermediary – and furthermore, the implementation of a reputation system and social graph integration within that marketplace – will comprise the empirical section of this research, an interpretive case study of Airbnb.
3 Introduction to the Airbnb case study

Airbnb is the leading global P2P accommodation website. Users sign up using an email address or Facebook account, and can then become “hosts” by posting listings (usually spare rooms), and “guests” by sending reservation requests. Airbnb takes a 3 percent cut from the host and a 6-12 percent cut from the guest in exchange for providing the marketplace and facilitating the transaction through services including customer support, payment management and a $1 million insurance policy for hosts (Geron 2013).

Users can fill out their Airbnb profiles on the website by adding information such as a profile picture, location, biography, profession, university attended, and languages spoken. Users can also verify their email addresses and phone numbers with Airbnb (the actual addresses and numbers are hidden), and link their Facebook and LinkedIn accounts to their Airbnb profiles to demonstrate an online presence (see FIGURE 2). As it is customary for both parties to leave a short review of the experience after the stay, these profiles are then accompanied by past reviews the user has accumulated from other hosts and guests.
As previously discussed in the introduction, Airbnb was selected as a suitable case study because of its global dominance in P2P accommodation and because P2P accommodation is arguably the sector of the sharing economy most contingent on trust. The case study was approached through a framework of four Airbnb-specific research sub-questions:
1. Why do users use Airbnb instead of traditional accommodation and/or other P2P websites?

2. What are the most commonly perceived risks of using Airbnb?

3. Which elements of Airbnb profiles or listings do users find most important in deciding whom they can trust?

4. What are the mechanisms by which Airbnb engenders trust among its users?

These sub-questions comprised a framework for the research design, which is presented in the next chapter.
4 Research design

4.1 Exploratory purpose

The sharing economy is a relatively new social movement, and has only recently gained mainstream traction; academic work regarding various aspects of the sharing economy comprises a nascent, growing field (see APPENDIX A.1). The purpose of this research is thus exploratory, designed to investigate and generate a new level of comprehension about unknown aspects of a relatively new phenomenon (Teddlie & Tashakkori 2009). Hypotheses will not be generated nor tested; instead, this investigation will endeavor to build a conceptual foundation of critical insight to inform future research. To that end, this research utilizes inductive analysis, which entails the discovery and analysis of patterns, categories, and themes within the data, arguing from the particular to the general (Patton 2002). Inductive, exploratory research processes are particularly effective when coupled with a qualitative methodology.

4.2 Qualitative methodology

This research employs a qualitative methodology in order to gain critical insight on the multidimensional topic of trust in the sharing economy. Yin (2011: 135, 98) contends a fundamental objective of qualitative research is to “depict a complex social world from a participant’s perspective,” and that “understanding the nuances and patterns of social behavior only results from studying specific situations and people, complemented by attending carefully to specific contextual conditions.” A qualitative methodology is thus extremely appropriate for the study of trust among users of Airbnb, as the engendering and continued growth of trust is personal, contextual, culturally-mediated, and inherently social. The interpretive case study – “a qualitative approach in which the investigator explores a real-life, contemporary bounded system
(a case) over time, through detailed, in-depth data collection involving multiple sources of information” (Creswell 2013: 97) – is particularly suitable for the exploratory, inductive nature of the research, as it is an effective way to research an area in which few previous studies have been conducted (Benbasat et al. 1987). The case study is constructed through an interpretive approach, effectively attempting to understand and analyze phenomena through accessing participants’ context-specific perceptions (Orlikowski & Baroudi 1991).

4.3 Data collection

The case study is composed of two types of qualitative data: in-depth, open-ended interviews and broad document review, as multiple methods of data collection provide robust support for the conclusions via triangulation (Benbasat et al. 1987). As qualitative research is most effective by means of an iterative process (Kelly 2006), the case study was constructed through a continual cycling between theory and data (Eisenhardt 1989, Walsham 1995, Tracy 2013).

FIGURE 3: Iterative cycles between theory and data (Tracy 2013).
4.3.1 Document review

The research entailed an extensive investigation of relevant documents in order to develop contextual insight on Airbnb, the bounded system. The researcher initially explored the Airbnb website and company documentation as a user in order to become familiarized with patterns of user behavior, emergent user experience, and website-specific norms and functions. This exploration was supplemented by an examination of relevant documents, defined by Walsham (2006: 323) to include “press, media, and other publications of the sectoral context of organizations being studied.” The researcher reviewed an extensive amount of relevant press, following the development of the sharing economy from the years 2010 to mid-2013 to develop an approximate arc of traction within mainstream society, and to investigate perceptions of the sharing economy from a wide range of perspectives, including those of social innovators, entrepreneurs, authors, journalists, venture capitalists, and other various stakeholders. Through this process of document review, the researcher concluded that although there is ample extant and available knowledge on the opinions and ideas of thought leaders regarding trust in the sharing economy, there is a conspicuous lack of user perspective – the perceptions, constructions, and first-hand behavioral accounts of the people that actually use these websites. It thus seemed most advantageous for this research to explore the user perspective regarding trust in the sharing economy.

The relevant press review was augmented by an investigation of a variety of other sectoral content and media. The research encompasses blog posts from several Airbnb users about their experiences, various recorded TED talks from thought leaders in the space, prominent technology and entrepreneurship blogs, the following of sector-specific online magazines Shareable and OuiShare, and attendance at the two-day sharing economy-focused LeWeb 2013
technology conference in London. This process provided a foundation upon which to design the empirical core of the research: the interviews.

4.3.2 Interviews

Interviews are often the primary data source of interpretive case studies (Walsham 1995). As this case study is most concerned with users’ perceptions of trust within the Airbnb platform, it accordingly makes use of eleven semi-structured interviews with a diverse sample of participants. The qualitative methodology is best suited for purposive sampling, in which participants are selected in a deliberate manner in order to yield the most relevant and plentiful data (Yin 2011). The central criteria most commonly advised for purposive sampling is value of information (Patton 2002) and diversity of perspectives (King & Horrocks 2010). To this end, the participants selected, five males and six females, represent seven different nationalities, have as little as 1 instance of Airbnb experience to as many as 15, and span an age range of 23 to 62, although most participants are clustered in the 23-30 range in order to maintain an accurate representation of the Airbnb user population. The main recruiting channel was through the global Startup Weekend Facebook network. Through broadcasting a message to this network – worldwide travelers and early adopters of technology – the researcher was able to compose a diverse sample of participants with relevant and interesting Airbnb experience. The number of cases was directly determined by the sufficiency of data acquired (Kelly 2006).

The objective of the interviews was to elicit rich and contextual qualitative data through open-ended questions, and to utilize the opportunity to interact with the participants and pose follow-up or divergent questions if necessary. Each interview was between 15 and 45 minutes in length, contingent on the proclivity of the participant to elaborate during their responses. The
participants were made aware that while certain excerpts from their interview transcripts may be published in this research, these excerpts would not be associated with any personally identifiable information.

As the participant group is geographically diverse, four interviews were conducted in person and seven over Skype, a voice-over-IP service with both audio and video capabilities. Both in-person and Skype interviews were recorded with the software program Camtasia 2 in order to compile precise transcripts of what was said in each interview, and to be able to engage with the transcripts within various conceptual frameworks during analysis. The general list of interview questions and a sample anonymized interview transcript can be found in APPENDIX A.2 and A.3.

4.4 Data analysis

The analysis of qualitative data is not a precise science, rather, it is an intuitive and creative process of inductive reasoning, theorizing, and interpreting (Basit 2003). The objective of data analysis is to identify the categories, relationships, and assumptions that comprise the participant’s perceptions both in general and on the topic in particular (McCracken 1988). The analysis is comprised of a subjective classification process – applying codes to significant phrases – and subsequently identifying themes or patterns (Hsieh & Shannon 2011). The coding process is the core of the analytic process, as the cognitive act of coding data prompts critical conceptual organization (Ely et al. 1991). While analysis and interpretation might in some sense distill or reduce the volume of data, the implementation of such analysis should also “value add” to the emergent story (Madden 2010), elucidating existing situations and recurrent themes.
The research utilized Dedoose, a web-based quantitative and qualitative data analysis software program, to code the interview transcripts. The transcripts were loaded into the program and a hierarchical code system was applied to generate emergent patterns among the participant responses. The full list of codes can be found in APPENDIX A.4.

FIGURE 4: A partially coded interview on the Dedoose dashboard.

The coded transcripts were linked to chains of ‘descriptors,’ such as age, gender, nationality, frequency of Airbnb use, and percentage of accommodations booked with Airbnb. In this way, the data could be manipulated in different ways, and various associations between specific codes and descriptors could be teased out. Coded excerpts could also be filtered in a hierarchical fashion, aggregating similar responses to varying degrees.
FIGURE 5: The Dedoose control panel.

FIGURE 6: Filtering excerpts.
The final iteration of the hierarchically coded data was then exported to a document format, and the resulting report of coded material was further distilled and analyzed for emergent themes with regard to the research sub-questions of the case study.

4.5 Limiting considerations

The first consideration to address regarding this research is that of the in-depth nature of the generated qualitative data, but the limited scope of generalizability (Patton 2002). However, as research of an exploratory nature, the goal is not to confirm hypotheses or corroborate causal conclusions, but to provide a conceptual foundation of insight upon which other research and other preliminary hypotheses might be developed. Furthermore, the research has qualities conducive for “naturalistic” generalization, or presenting findings in a way that a reader normally experiences and understands them (Gomm et al. 2000). Thus, while this research may not be statistically generalizable, it is of value as a foundation for future research, and can be intuitively interpreted by readers.

The limiting phenomenon of self-selection must also be considered. Because participants were recruited from respondents to a general posting, it can be argued that the study attracted a certain type of participant. Yet access to this particular sample can simultaneously be considered a strength of the research. As the goal of qualitative research is to elicit in-depth, information-rich experiences, focusing on this demographic – active on the Internet, early adopter of technology, and capable of travel – highlights the most relevant and informative users of P2P services such as Airbnb.
It is thus reasonable to conclude, despite these considerations, that the research was successful in addressing the research sub-questions and generating critical insight on the subject matter. The following chapter will present a discussion of the results of the research.
5 Results and discussion

The participant sample represents a demographically diverse group with quite varied experience with Airbnb, both in instances of use and in total percentage of accommodations booked with Airbnb.

![participant demographic information](image)

**FIGURE 7:** Participant demographic information.

The interview questions were derived from the four research sub-questions, and responses were iteratively coded into hierarchical code sets. Twelve emergent themes were identified with respect to the research sub-questions. In the following sections, each of these themes will be examined in further detail.¹

¹ Theme 10, “the more information, the better,” is discussed in Section 6.
<table>
<thead>
<tr>
<th>Research questions</th>
<th>Related codes</th>
<th>Emergent themes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Why do users use Airbnb instead of traditional accommodation and/or other P2P websites?</td>
<td>Why use Airbnb &gt; Better than hostel&lt;br&gt;Why use Airbnb &gt; Cost savings&lt;br&gt;Why use Airbnb &gt; Economical choice/sometimes hotels are better&lt;br&gt;Why use Airbnb &gt; Extras&lt;br&gt;Why use Airbnb &gt; Personal touch&lt;br&gt;Why use Airbnb &gt; Value for money</td>
<td>Value for money (practical / convenience reason)</td>
</tr>
<tr>
<td>Amenities &gt; Bed&lt;br&gt;Amenities &gt; Kitchen&lt;br&gt;Amenities &gt; Wi-Fi&lt;br&gt;Like using Airbnb&lt;br&gt;Why use Airbnb &gt; Access to a kitchen&lt;br&gt;Why use Airbnb &gt; Accommodations more flexible&lt;br&gt;Why use Airbnb &gt; Easy to book&lt;br&gt;Why use Airbnb &gt; Get a place on short notice&lt;br&gt;Why use Airbnb &gt; Location specificity&lt;br&gt;Why use Airbnb &gt; Personalized search criteria</td>
<td></td>
<td>Flexibility (practical / convenience reason)</td>
</tr>
<tr>
<td>Why use Airbnb &gt; Cultural experience&lt;br&gt;Why use Airbnb &gt; Meet / chat with host&lt;br&gt;Why use Airbnb &gt; Personal touch</td>
<td></td>
<td>Cultural experience (non-practical reason)</td>
</tr>
<tr>
<td>What are the most commonly perceived risks of Airbnb?</td>
<td>Apartment pictures + description&lt;br&gt;Cleanliness&lt;br&gt;Descriptions&lt;br&gt;Reviews&lt;br&gt;Risks of using Airbnb &gt; How to address issues&lt;br&gt;Risks of using Airbnb &gt; No site-wide standards&lt;br&gt;Risks of using Airbnb &gt; Noisy&lt;br&gt;The more you know, the better&lt;br&gt;Why use Airbnb &gt; Cultural experience&lt;br&gt;Why use Airbnb &gt; Meet / chat with host</td>
<td>No site-wide standards of hospitality</td>
</tr>
<tr>
<td>Apartment pictures + description &gt; Apartment pictures&lt;br&gt;Apartments pictures + description &gt; Apartment description&lt;br&gt;Apartments pictures + description &gt; Picture quality&lt;br&gt;Apartments pictures + description &gt; Verified by Airbnb&lt;br&gt;Guest process&lt;br&gt;Honesty</td>
<td></td>
<td>Place not accurately represented</td>
</tr>
<tr>
<td>Risks of using Airbnb &gt; Disappointment / not accurately represented&lt;br&gt;Risks of using Airbnb &gt; Noisy</td>
<td></td>
<td>Personal safety concerns</td>
</tr>
<tr>
<td>Risks of using Airbnb &gt; One in a million&lt;br&gt;Risks of using Airbnb &gt; Organized crime&lt;br&gt;Risks of using Airbnb &gt; Personal safety&lt;br&gt;Difference between host there &amp; not there</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Which elements of Airbnb profiles or listings do users find most important in deciding whom they can trust?</td>
<td>Airbnb standard practices &amp; policies&lt;br&gt;Amenities &gt; Wi-Fi&lt;br&gt;Crazy people&lt;br&gt;Facebook &gt; Decisions based on connections? &lt; br&gt;Would make a decision&lt;br&gt;Guest process&lt;br&gt;Honesty&lt;br&gt;Host who has not been reviewed&lt;br&gt;Host who has not been reviewed &gt; Would not stay with&lt;br&gt;Host who has not been reviewed &gt; Would stay with&lt;br&gt;Make me more trustworthy&lt;br&gt;Reviews</td>
<td>Reviews</td>
</tr>
<tr>
<td>Apartment pictures + description &gt; Apartment pictures&lt;br&gt;Apartments pictures + description &gt; Picture quality&lt;br&gt;Apartments pictures + description &gt; Verified by Airbnb&lt;br&gt;Guest process&lt;br&gt;Honesty</td>
<td></td>
<td>Listing photos + host profile photos</td>
</tr>
<tr>
<td>Crazy people&lt;br&gt;Descriptions&lt;br&gt;Guest process&lt;br&gt;Host profile &gt; Host bio&lt;br&gt;Host profile &gt; Host gender&lt;br&gt;Host profile &gt; Host profile photo&lt;br&gt;Neighborhood</td>
<td></td>
<td>Connected social media profiles</td>
</tr>
<tr>
<td>Comfortable with Airbnb&lt;br&gt;Facebook &gt; Facebook account connected?&lt;br&gt;Facebook &gt; Decisions based on connections? &gt; Do not care&lt;br&gt;Facebook &gt; Decisions based on connections? &gt; Have made a decision&lt;br&gt;Guest process&lt;br&gt;Host profile &gt; Connected social media pages&lt;br&gt;The more you know, the better</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
5.1 Reasons for using Airbnb

To contextualize trust within the Airbnb setting, the research investigated users’ motivations for using the website. Each participant remarked on different reasons for using Airbnb; their responses are comprised by two practical themes, value for money and flexibility, and one non-practical theme, cultural experience.

5.1.1 Value for money

In discussing why they had used Airbnb instead of traditional accommodation or another P2P service, most participants immediately referred to a sense of extracting more value at less cost from the Airbnb accommodation experience. This ‘value’ manifested itself in the ability to secure a better venue for a lower price, but also in the “extra” services that many Airbnb stays
provided. P2 described Airbnb hosts’ proclivity to go above and beyond, detailing positive experiences with hosts’ generosity:

Most cases, my experience has been that you get a lot of value for the money you pay for, and there are also things that I’ve gotten through Airbnb that I wouldn’t have gotten through a hotel, ever – everything from items, such as people having an umbrella at the apartment, or guidebooks, and saying it’s okay to use them, to things like surprises, like when we were in France, the person that was renting the apartment had bought randomly wine and cheeses for us.

A related emergent motive was that of cost savings; participants that did not mention increased value for money did refer to a perception that accommodation through Airbnb was generally less expensive than that of a hotel, using words such as “affordable” and “cheaper.” The great majority of participants were financially motivated to use Airbnb, whether to get more value for their money or to save money while traveling.

5.1.2 Flexibility

A penchant for the flexibility inherent in Airbnb accommodations emerged during the interviews in various ways. Some participants cited the highly customizable nature of Airbnb’s search function, enumerating the various filters that could be applied to the accommodation search. P7 discussed the convenience and utility of the expansive search criteria as follows:

I’m going to be arriving at this time, on this day, and I’m going to be leaving at this time, on this day, and I’m going to be with three friends for the first night and two friends for the second night, and I’m looking for something that fits this budget in precisely this location. You just don’t have those options with a hotel.

The notion of the ability to customize with the website’s search function was also extended to the capability to filter by specific amenities; many participants mentioned the advantages of accommodations offering the use of a kitchen. P3 commented “The [Airbnb] accommodations
offer a bit more freedom and when I travel – I still tend to cook a lot, so having access to a kitchen with all the supplies is pretty nice.”

Another emergent aspect of Airbnb’s more flexible nature was the ability to book a room on short notice. P6 mentioned that he only used Airbnb “Because I booked, like, two days before I arrived,” and P8 cited better odds in finding a place to stay on short notice in comparison with a hotel. Ultimately, accommodation flexibility with relation to the number of guests, type of place, location, amenities, or reservation lead time was a major factor in most participants’ decision to use Airbnb.

5.1.3 Cultural experience

Many participants cited Airbnb’s cultural nature as a major reason to choose Airbnb over a comparable hotel. This cultural aspect was often manifested as an opportunity to meet and interact with local hosts in their homes and neighborhoods; P9, for instance, commented:

It is memorable to meet and chat with the host, so the trip experience is more interesting. How many times do I recall my hotel clerk? Never! But the [Airbnb] host conversations become part of my enjoyable life memory around the trip.

A few participants even mentioned that they use the potential to meet an interesting, extroverted, or otherwise compatible host as a preliminary filter in searching for Airbnb accommodation. P10 expounded on this concept, remarking:

I would say that I’m definitely looking for people who will chat with me…this most recent time when I went to New York, the host that I chose, I picked because I got my master’s at [institution redacted] and she worked at Sotheby’s, and I picked her because I thought it would be really fun to talk, and we actually spent an evening just like chilling with wine, and talking about art things.

P7 further emphasized the potential for the hosts’ local knowledge to improve the quality of travel, commenting “I get to meet awesome, awesome people all the time, and they’re like my
own little tour guides.” Most participants referenced this cultural experience that Airbnb provides, both in terms of forming new relationships and in experiencing a destination from a local perspective.

5.2 Perceived risks of using Airbnb

In order to develop a more complete picture of the enabling role of trust within P2P accommodation transactions, participants were asked about perceived risks – if any – of using P2P accommodation services, and more specifically, of using Airbnb. Emergent themes (specifically regarding the use of Airbnb) were the lack of site-wide standards of hospitality, the chance that the listing might not be accurately represented, and concerns about personal safety.

5.2.1 Lack of site-wide hospitality standards

Concerns about a lack of site-wide hospitality standards surfaced during many discussions of the risks in using Airbnb. Some of these concerns pertained to more general elements of the stay; P5 surmised his concerns in stating:

People have different ideas of what it is to travel…you’re going into people’s homes, and you don’t know what their standards are, and you have to deal with people who are not trained in hospitality management or hosting people, so there’s always that fear that you go somewhere and people are just weird and you have to deal with that.

These concerns also seemed to aggregate around more particular elements, namely, cleanliness and noise levels. Some participants further mentioned that they mitigated these risks during their Airbnb accommodation search. P9, for instance, said:

If I see unmade beds and a mess in the apartment photo, I won’t go. If they can’t care enough to straighten up just a wee bit before photographing, I figure they have no sense of pride and that will manifest itself during my stay.
Overall, the lack of site-wide standards of hospitality proved to be a bit disconcerting for most participants; P4 summarily observed that one of the main Airbnb risks is “not knowing what to expect.”

### 5.2.2 Listing not accurately represented

Participants were similarly vocal about the chance that listings on the Airbnb website – their photos, descriptions, and locations – might not be accurate representations of the real-life counterparts. These risks stem from both general concerns and concrete past experiences. P5, for example, expressed general skepticism of P2P accommodation sharing related to the theoretical idea of the online representation not matching the offline accommodation, noting “I mean, I’ve always been a bit skeptical of [P2P] arrangements…because there’s always that X-factor of you showing up, and it not being the experience that you thought it would be.” Some participants related actual past experiences in which this risk had manifested itself; P11 linked a past disappointing experience directly to the trustworthiness of the host, remarking:

> You really hope that people are being honest about their places, that they aren’t going to stiff you – with Berlin…the language used to describe the place made it sound a lot better, so when we got there it was like oh, this is not what we expected.

P9 similarly alluded to the host as the root of the disappointment risk, attributing mismatches in online representation and offline quality to “honesty.” This participant further described a mitigating strategy in avoiding such disappointment, stating “First, I know my target location and a bit about it, sometimes from the Net, so I can see in their write-up if they are honest about their own location.” Such mitigating strategies in choosing “trustworthy” hosts will be further discussed in Section 5.3.
5.2.3 Personal safety

Concerns about personal safety comprised the third emergent theme related to perceived risks of Airbnb. These anxieties spanned many different facets of personal safety; the more serious safety topics, however – organized crime, murder, sexual assault – were considered by most participants to be extreme outlier situations. P2 encapsulated this perception as follows:

I’ve also read a blog about somebody that was raped or murdered through Airbnb in the US in San Francisco, at some point…maybe one out of every million cases something like that happens…so it’s just like that kind of being one in a million, one in one hundred thousand, and maybe that feeling being more common at Airbnb than maybe at a hotel.

Something to be noted with regard to personal safety is the perceived difference between whether the guest was renting the host’s spare bedroom while the host was present or the entire apartment while the host was away. P11 for instance, refers to more stringent “criteria” that the hosts must meet if she was going to be staying with them:

It does make a difference as to whether you’re renting the entire apartment…or whether they are going to be there and you’re just renting a room. I think I have more strict criteria when it comes to that, so if I’ll be in a room while they’re also there, then I’m definitely going to look for the most sane, normal, nice-sounding person. Versus if they’re not there, you might, like, let some things go.

This notion of “criteria” – of what guests look for in hosts before they book accommodations, or which elements of host profiles are most important in deciding whom to trust – will be discussed in more depth in the following section.

5.3 Trust-enabling elements of host profiles

After filtering an accommodation search by location, date, and price range, guests must decide which hosts/listings to book their accommodations with, often from a large range of choices (see FIGURE 9).
One of the goals of this research was to explore how and why Airbnb guests [1] make an assessment as to whether a particular host is trustworthy, and [2] act on that assessment by initiating the process of booking a reservation with that host. Parsing this information into components of Airbnb host profiles and listings, the research investigated which components are most important – and in some cases, essential prerequisites – for initiating the process of booking a reservation with the host. The emergent components were reputation, listing photos, host profile photos, and social graph integration; each will be discussed in more depth in the following sections.

5.3.1 Reputation system

The Airbnb reputation system, in which guests and hosts can rate and leave comments about each other and their experiences after the stay, was the most-referenced topic of the collective interviews. Every single participant mentioned the Airbnb reputation system. Most
participants defined a host’s reviews as the most important criteria for initiating the process of making a reservation, and all perceived the reputation system as a mechanism by which Airbnb becomes a trustworthy marketplace.

Participants further cited the reputation system as the main criteria in choosing between available listings. P9, for instance, considers examining the reviews to be a prerequisite to initiating the reservation process, stating “I depend very much on the feedback system and
reviews. I read every one with care, including the nuances between the lines, before booking.”

For P2, reputation filtering even trumps price:

I go to Airbnb and I figure out if they have apartments [in a specific location]. I usually go for the highest ratings, like most ratings, highest reviews…and I try to pick the ones within what I say is the fair price amount I’m looking for.

Other participants referred to the quality of reviews as the deciding factor. P10, for example, commented “I find it really important for me to see reviews from other users. I think that’s the kicker for me, like if I were choosing between two hosts or whatever…that’s what makes a huge difference for me.”

While the reviews were unanimously important among the participants, there was a conspicuous divide among the participants as to whether they would stay with a host who has not yet been reviewed; this question sparked strong opinions from the participants. Most participants who would stay with a non-reviewed host would only stay under the condition that the host was new to the site, as embodied by P10’s remark “If they were really new, it’s understandable that they wouldn’t have reviews yet…I wouldn’t feel too uncomfortable if they didn’t have reviews because they haven’t been in the system that long.” P9 expressed a similar sentiment in commenting, “Other reviews are essential to me, but if it’s someone’s first attempt and I find the write-up honest, I will go with it also.” Other participants mentioned high-quality photos and well-written descriptions as mitigating profile elements of a non-reviewed host.

Other participants were adamant in not staying with a non-reviewed host. P8 mentioned a poor experience resulting from a stay with a non-reviewed host, declaring “I have and I shouldn’t have, and I will never again.” P2 would pay a premium for good reviews, contending:

Traveling with my family I’d probably never go to a place with no reviews, ever, so if it doesn’t have above average review rates for that place, if it’s a relatively new place to Airbnb and didn’t have more than five, I probably wouldn’t go there. If it has 30-plus I’d
definitely take a look at it and pay even more for it.

The reputation system generally comprised the core of participants’ decision-making processes, and was thus perceived as the most important criteria for this sample in establishing trust in both Airbnb as a marketplace and by extension in individual Airbnb hosts. The implications of this finding will be further discussed in Section 6.

5.3.2 Listing and host profile photos

The presence of photos (both listing photos and host profile photos) emerged as a perceived baseline indicator of a trustworthy host. Most participants characterized listing and host profile photos as the most basic prerequisite of initiating the reservation process. As discussed below in Section 5.4.1, some participants even considered Airbnb “Verified Photos” – listing photos taken by Airbnb photographers – to be furthermore indicative of a trustworthy accommodation option, but almost all participants agreed that the mere presence of photos was essential. With regard to listing photos, P9 noted “I would never stay where there are no photos,” and P3 further described the experience of perusing a listing without many high-quality photos as “off-putting.”
Participants expressed similar sentiments about host profile photos, suggesting that such photos were the most basic measure of assessing the trustworthiness of hosts. P11 remarked “I won’t look at [a host profile] that doesn’t have a photo because I feel like that this could be any creep or sketch person.” While some participants consistently required many more features of listings and profiles as prerequisites for initiating the reservation process, the great majority of participants perceived a listing photo and host profile photo to be the most basic requirement.
5.3.3 Social graph influence

Airbnb offers the option for users to connect their Facebook and LinkedIn accounts to “verify” their identities. With Airbnb’s new “Social Connections” feature, users can search for accommodations based on second-degree Facebook connections with the host, a university in common with the host, or hosts that their Facebook friends have reviewed in the past. Ten of eleven participants had connected their Facebook accounts to their Airbnb profiles. Some participants had already relied on social connections to book Airbnb accommodations in the past and some had not, but the great majority of participants agreed that social connections would largely influence the level of trust in the host and the accommodation decision-making process.
P8, for instance, commented “When I was looking for places, I saw that one of my Facebook friends had reviewed that house, so you trust it even more if one of your friends has been there.
and has given it a good review.” P3 shared a similar experience, remarking “Not too many friends have stayed in the places I have…but there was one place in Cairo where a [Facebook] friend had stayed before, so it was an easy choice for me to stay there.” The participants that hadn’t yet utilized the “Social Connections” feature shared a similar perspective, as almost all of them agreed that such information would strongly influence their decisions. P10 summarized this perception in commenting, “If I had a friend who positively reviewed a property it would absolutely influence me.”

FIGURE 14: In the first instance, the user has a Facebook friend in common with the host (second-degree connection); in the second instance, one of the user’s Facebook friends has reviewed the host; and in the third instance, the host and the user both attended the same university.
The participants’ perceived influence of the social graph, however, was not limited to the
guest perspective. Interestingly, many participants brought up the credibility-enhancing role of
connecting their social media profiles; that is, if they integrated their Facebook and LinkedIn
accounts, hosts might be more inclined to trust them and accept their reservation requests. P11
articulates this dual purpose in commenting “[I use social connections] mostly to get [Facebook]
friends’ recommendations and that sort of information…but also as a support system for the
people that are letting me stay with them, so they can see that I’m a totally normal person.” P2
further encapsulated the overall effect of integrating the social graph in remarking:

I think that I have a pretty large network through social media, and there are features on
Airbnb that allow people to take a look at whether we have any mutual friends or
anything like that, and I keep all my profiles pretty open, I give access to my blogs,
media sites...so I think that if people were to feel that I was screwing them over it would
be relatively easy to figure out who I am and where I live, people I have friends with, and
the likelihood that I’ve built all that up just to screw somebody over on Airbnb is very
unlikely.

Here, P2 is articulating a relationship between social capital and trust, which will be further
discussed in Section 6. Ultimately, participants perceived that connecting their social media
accounts to their Airbnb profiles both largely influenced their accommodation decisions (and by
extension, trust in the hosts) and the hosts’ proclivity to trust in them, as guests.

5.4 Why Airbnb is a trusted marketplace intermediary

As discussed in the Section 2.3.3, a trusted marketplace intermediary can have a large
impact on buyers’ trust in the community of sellers. Participants mentioned many mechanisms
by which Airbnb increases their trust in the process of P2P accommodation and in the
community of hosts. Almost all participants mentioned Airbnb’s robust reputation system as a
means of building general trust throughout the platform, as discussed above in Section 5.3.1,
further highlighting the centrality of reputation as an enabler of Airbnb transactions. The two other emergent mechanisms through which Airbnb engenders trust among its users were its website design and customer service.

5.4.1 Website design

Most participants referenced some aspect of Airbnb’s website design in discussing why they trusted the website; the following section will discuss the three dimensions of design that participants perceived to be most influential, namely, aesthetic design (how the interface looks), user experience design (UX – how the interface behaves), and general branding.

With respect to aesthetic design, participants cited the professional, attractive appearance of Airbnb as a major factor in rendering the site trustworthy, especially with respect to competing P2P websites that might not have a comparably appealing interface.

![Airbnb Website](image)

**FIGURE 15:** Airbnb’s home page.
One of the more prominent aspects of the Airbnb design are the high-resolution, wide-angle photos available of many properties, or “Verified Photos,” for which Airbnb sends an official photographer to take photos of a listing. Participants often felt more comfortable booking reservations in the presence of these “Verified Photos;” P8 commented, “The fact that they send photographers to peoples’ houses to take pictures, it kind of reassures you…at least you know somebody went there, and it’s not a fake house.”

![Modern, High End, New Construction](image)

**FIGURE 16:** The “Airbnb.com Verified Photo” badge appears in the upper right corner of the photo.

Many participants further commented on Airbnb’s UX design, citing the intuitive, easy-to-use interface as a factor rendering Airbnb a more trustworthy marketplace intermediary. P4 described the website as “user-friendly,” and P3 attributed the website’s trustworthiness to the “user experience of their website – the transaction process from search to payment.”
Another component predominantly mentioned by participants was the high level of trust in the Airbnb brand, a perception that Airbnb managed to communicate mainly through its website design and messaging. Participants perceived the Airbnb brand to have two dimensions of trustworthiness: first, that Airbnb is a safe and valuable means of accommodation, and second, that Airbnb is a ubiquitous service. In reference to the former, P5 observed “They [Airbnb] just managed to have people understand that doing that sort of thing [P2P accommodation] would be safe and of more value than using a hotel.” This perception of safety and value is inextricably bound up with the heuristic perception that “everyone else is doing it.” With regard to such perceptions of ubiquity, Participant 11 remarked:

I think Airbnb for me just seems like the one with the most traction…this one has just gained so much popularity, and built this whole community of trust, and I just feel like the more people you have reviewing, the more likely you are to use it.

Participants thus perceived that Airbnb has effectively branded itself as the leader in P2P accommodation websites (and thus trustworthy). P5 commented “I don’t know what it was, but everyone just seemed to be like, ‘oh yeah, use Airbnb.’”

5.4.2 Customer service

Airbnb has a worldwide customer support team available 24/7, and participants perceived such a high level of accessible customer service to increase the trustworthiness of the website. P10 noted the responsiveness of the customer support team, commenting “I really like how responsive the team is – how they have the Instant Chat option…it was really great to talk to a real person, instantaneously.”
Comments on the level of customer service were often further associated with Airbnb’s extensive refund and cancellation policy. P8, for instance, described an experience in which the accommodations were less than satisfactory upon arrival, but Airbnb responded quickly and efficiently with a refund and helped the participant book immediate alternate accommodation. Throughout the course of most interviews, Airbnb’s comprehensive customer support system emerged as a mechanism by which Airbnb engenders trust among its users.
6 Conclusion

This thesis has presented exploratory research regarding the establishment and maintenance of trust in the sharing economy through an interpretive case study of P2P accommodation sharing website Airbnb. The thesis began by presenting core aspects and drivers of the sharing economy in more depth, and subsequently illustrated the critical role of trust in enabling P2P transactions and in the continued growth of the sharing sector. The case study was presented within a literary framework of both trust and online trust theory, with the latter further analyzed in terms of reputation systems, social graph integration, and mechanisms designed to increase trust in the marketplace intermediary. The case study, comprised of a core of qualitative interviews and supplemented by extensive document review, generated numerous insights regarding the nature of trust in Airbnb transactions.

The case study illuminated a number of conclusions with regard to the original research sub-questions. First, it is interesting to note that the participants prioritized practical incentives (cost, flexibility) as the main reasons to use Airbnb over traditional accommodation. While participants appreciated the added cultural value inherent in P2P accommodation, their collective pragmatic orientation suggests that Airbnb has truly become a mainstream accommodation option as opposed to a niche market or transitory trend. This conclusion is further bolstered by the nature of the emergent risks in using Airbnb – largely practical concerns involving hospitality standards and accurate online representation of offline quality. Second, it is important to highlight an emergent articulated philosophy regarding the development of trust within the Airbnb platform: “the more information, the better.” While the reputation system and social graph integration were clearly central as to the establishment of trust (in accordance with the preceding literature review), participants mentioned many different factors in choosing where to
stay, from lengthy descriptions (in order to analyze the writers’ voices), to hosts’ response rates, to verified emails and telephone numbers. It is apparent that each of these factors contributes to an overall sense of trust in the host, and each component of added information is helpful in building this trust. Remarks such as “The more I know about a person and their place, the more confident I feel staying there” (P10), and “The more verification, the more you feel comfortable renting – they are all little factors that add up,” (P5) embody this idea that all of the added verification features are perceived to have a positive effect on the trusting relationship between the participants (guests) and hosts.

While the findings of the case study are intended to serve as a basic foundation for future research, it is nonetheless important to note the centrality – empirically evidenced through the qualitative interviews – of this emergent “the more information, the better” philosophy, as well as the influence of reputation systems and social graph integration, in engendering trust between Airbnb users and by extension in enabling Airbnb transactions. These conclusions are further reflective of a concomitant trend in the contemporary sharing economy space: a movement toward leveraging an individual’s aggregate digital footprint in building a portable, trustworthy reputation. A number of startups, in fact, have recently attempted to resolve the trust and safety issues inherent in P2P transactions by developing “universal trust systems” for the Internet that combine social, transactional, and personal data from various marketplaces, social networks, and other sources (Pick 2013). Predicated on the fact that some parameters of trust transcend different sharing economy verticals, this aggregate trust data would be presented as a portable reputation “score” – not unlike a credit score – that would theoretically follow a person around the Internet. TrustCloud, a leader among this wave of reputation-oriented startups, uses a 1000-point system (see FIGURE 18) to score individual buyers and sellers online, emphasizing the fact
that someone who has delivered exactly what was promised in P2P car transactions is also likely to take good care of an apartment he or she rents through a P2P accommodation service (Kolodny 2012).

Reputation as such becomes a form of capital to be accumulated from good behavior and subsequently leveraged in future P2P transactions. Botsman (2012) has recently asserted that reputation will soon become a person’s most valuable asset, claiming “In the 21st century, new trust networks, and the reputation capital they generate, will reinvent the way we think about wealth, markets, power and personal identity in ways we can’t yet even imagine.”

Whether a dominant form of portable reputation will become the arbiter of Internet marketplaces remains to be seen. The sharing economy, however, is here to stay, as demonstrated by the continually increasing numbers of people around the world allowing
strangers to stay in their homes, borrow their cars, and pet-sit their canine companions. Insight into the establishment and maintenance of trust within online P2P platforms is thus more salient than ever before, and the continued academic investigation of these issues will fortify our resurging proclivity to share.
References


Appendix

A.1 Sharing economy growth trajectory overview 69
A.2 Sample interview question guide 73
A.3 Sample interview transcript 75
A.4 Full list of data analysis codes 79

A.1 Sharing economy growth trajectory overview

The sharing economy is a relatively new social phenomenon, having only recently developed from a niche market to a movement with mainstream traction. To further build out an understanding of the current state of the sharing economy, it is valuable to consider the trajectory of its growth, both through the lens of contemporary media and social discourse and in academic literature. These two concomitant chronologies are presented below.

CONTEMPORARY DISCOURSE (2009 - 2013)

2009  
Shareable Magazine
A nonprofit news, action, and connection hub for the sharing transformation launched in 2009; has generated and curated millions of sharing-related stories.

2010  
“The case for collaborative consumption”
Pioneering advocate Rachel Botsman brought the sharing economy into the global spotlight in 2010 during her well-known TedX Sydney speech about collaborative consumption’s power to change the way we live.

What’s Mine is Yours
Botsman and co-author Roo Rogers released their groundbreaking book about the potential for technology-based peer communities to transform the traditional economic and social landscape in September of that same year.
The Mesh
Lisa Gansky published her seminal work *The Mesh: Why the Future of Business is Sharing* around the same time, advocating a new and increasingly dominant model – “the mesh” – in which consumers have more choices, tools, information, and power.

The Collaborative Fund
Angel investor and entrepreneur Craig Shapiro launched the Collaborative Fund in 2010, a seed fund looking to invest in collaborative consumption-oriented startups. The fund has invested in well-known sharing startups such as Getaround, TaskRabbit, and Skillshare.

CollaborativeConsumption.com
Founded by Rachel Botsman in 2010, CollaborativeConsumption.com is a comprehensive online resource for collaborative consumption worldwide. The website has a team of Global Curators that curates and produce content relevant to sharing as well as a searchable database of sharing companies from every sector.

2011 “10 Ideas That Will Change the World”
In March 2011, the sharing economy was named one of TIME’s 10 Ideas That Will Change the World, and soon thereafter began to garner mainstream press and attention from a diverse portfolio of major publications including The Economist, The Wall Street Journal, and the New York Times, and from major technology blogs around the world.
2012  **OuiShare**  
Online collaborative magazine and nonprofit organization OuiShare, geared toward supporting and expanding sharing through technology, was founded in January 2012. Offline, OuiShare connects and builds local networks to foster collaboration and sharing in over 20 European cities.

2013  **LeWeb London**  
LeWeb, Europe’s leading Internet conference on innovation and entrepreneurship, announced a program centered around the sharing economy for the 2013 iteration of the conference in London. The program featured key speakers from leading sharing startups Airbnb, Etsy, ZipCar, TaskRabbit, and LendingClub, as well as both demos from new companies discussions regarding funding in the sharing sector.

**Peers.org**  
Peers.org, a global coalition supporting the growth of the sharing economy, functions as a grassroots platform allowing people to self-organize and have their voices heard. Having recently launched in 2013, the establishment of such an organization further symbolizing the attainment of widespread traction for the global sharing economy.
ACADEMIC LITERATURE (2010 - 2013)
See References for complete citations.

2010 “Airbnb.”
In 2010, Harvard Business School authors Lassiter and Richardson published a two-part case study on Airbnb.

2012 “Sharing Economy.”
Marketing agency Campbell-Mithun declared the sharing economy mainstream after conducting a national survey of 383 American participants in January 2012, as 60 percent of respondents found sharing services appealing and a full 71 percent of respondents already using these services expected to continue.

“The legal landscape of the sharing economy.”
Kassan and Orsi investigated the various legalities of the sharing economy in 2012. Legal issues in various American states have proved an obstacle for many sharing economy startups in the past year, especially with regard to P2P ride-sharing.

2013 “Beyond sharing: Cultivating cooperative transportation systems through geographic information science.”
Miller investigated transportation sharing in 2013, citing unprecedented challenges for transportation in the coming years and advocating sharing, cooperating, and acting collectively as a viable solution.

“The collaborative economy.”

“My house is yours.”
The University of Bergamo published the first in-depth worldwide quantitative study regarding the motivations and travel habits of 7,000 HomeExchange users in June 2013.
A.2 Sample interview question guide

1. How many times have you used Airbnb, and in what capacity (as a guest or host)?

2. Why do you use Airbnb as opposed to traditional accommodation?

3. Are there certain Airbnb standard practices or policies that increase your trust in Airbnb?

4. Are there certain features of the Airbnb community as whole that, to you, make it more trustworthy?

5. Why do you use Airbnb over other peer-to-peer accommodation websites?

6. Do you have any concerns about using Airbnb as opposed to traditional accommodation?

7. What do you perceive as the greatest risks involved in peer-to-peer accommodation sharing?

8. As a guest, please describe your usual process that you go through in looking for a place to stay. What sorts of things in host profiles do you look for or read through before sending a reservation request to a host?

9. What are the most important elements of a profile that you look for before sending a reservation request to a host (for example, a photo, a bio, connected social media pages, etc.)? Which are essential? Why?

10. Did you connect your Facebook account to your profile when you signed up? Why or why not?

11. Do you make any decisions to send reservation requests based on second-degree Facebook connections? For example, if you and the host have mutual friends, or if one of your Facebook friends has reviewed the host, would that impact your decision to send a reservation request to the host? In what way?

12. Would you stay with a host who has not yet been reviewed by other guests? Why or why not? What other elements of the host’s profile might mitigate the lack of reviews?

13. It is essential that the host has a picture? How about a bio? If not, how important is it? Why?

14. Is it essential that the host has a verified email OR telephone number before you send the reservation request? If not, how important is it? Why?

15. Is it essential that the host has a verified offline (government-issued) ID before you send a reservation request? If not, how important is it? Why?
16. Are there any other considerations you might have before sending a reservation request that you haven’t mentioned?

17. Has your experience with Airbnb changed the way you evaluate potential accommodations?
A.3 Sample interview transcript

1. How many times have you used Airbnb, and in what capacity (as a guest or host)?

Let’s see – I’ve used it at this point – five times, in various capacities – the first time I used it was for 2 nights for a quick trip to Paris, the second time I used it I stayed for almost three months in Paris, so it was a very long stay, and then, the third time I had planned to come back for 6 months to Paris before my visa got denied. So I actually have a lot of experience with various facets of the business because of that, because I had already put down a lot of money for an apartment, had to go back and say my visa got denied, and there’s no way I can come, I’m not even allowed in the country, and had to work with customer support in various things like that to sort of organize the whole process. Time number four I went back to Paris most recently to pick up all my luggage that I had left in the country, and that was just for a couple days, and then I stayed for two nights in New York, when I was there recently, and used Airbnb. Like I really, really like the service a lot, and I feel very comfortable when I go somewhere now where I haven’t been – I prefer to do this instead of stay in a hotel.

2. Why do you use Airbnb as opposed to traditional accommodation?

I feel like with traditional accommodation like hotels and things, you really miss out on a cultural aspect, and um, I feel comfortable enough with all of the information provided by Airbnb that I’m not worried, that I’ll end up in some crazy person’s apartment. I really like the opportunity to converse with somebody who actually lives in the city, um, and experience more of it in that way.

3. Are there certain Airbnb standard practices or policies that increase your trust in Airbnb?

Yes – certainly. I really like how responsive the team is – how they have the Instant Chat option. I’ve used that a couple of times, especially when I was handling the visa situation and cancelling everything. It was really great to like talk to a real person, instantaneously, and then have – if I remember correctly – the guy then emailed a copy of the transcript of the conversation we had, which I really found awesome, you know it’s a great way to keep it for my own records, and have a way to reference back to something, so I really liked that. I like how much information you can share about yourself and your apartment, and all the amenities and things like that that you can list, it’s just – the cliché phrase is knowledge is power, right – the more that I know about a person and their place, the more confident I feel staying there. As well as how it lists how frequently people respond to messages, like hosts respond to messages, I think that’s great, because if I see someone that responds you know, within a couple of hours, 98% of the time, or something, I feel very comfortable sending them a message because I’ll receive a response quickly. In that same turn, I think the messaging system is designed very well, in that all the hosts with whom I’ve spoken and things like that, they’ve been wonderful, but it’s been great to see how it syncs to my cell phone, so I know as soon as I have a message, that it’s there. Those are some of the major points.
4. Why do you use Airbnb over other peer-to-peer accommodation websites?

I think CouchSurfing is really the only other one I’ve heard of – I honestly didn’t come upon Airbnb by myself – a friend recommended it to me when she heard I was going to Paris – um, so that’s how I got introduced to the system. So I wasn’t a person who was already using peer-to-peer services and just sort of found this one and like it best, this is my only experience with peer-to-peer services. So I think I wouldn’t choose another one because I’ve never used them and I’m really happy with Airbnb.

5. Do you have any concerns about using Airbnb as opposed to traditional accommodation?

Not at all, actually. I can see where there would have been potential risk, but I think Airbnb has handled that really well – there’s so much information provided, the check-and-balance system I think is really well-designed. Like I never felt at risk or concerned about my security – whether it be online, like my information, or myself in person, at all.

6. As a guest, please describe your usual process that you go through in looking for a place to stay. What sorts of things in host profiles do you look for or read through before sending a reservation request to a host?

Okay yeah. First what I always do is put in the city where I want to go and the dates, that kind of thing. So then I have those results. Then I always filter by price, first, honestly, because I know that otherwise I’ll get distracted – I’m a very visual person – I’ll get distracted by a picture of a gorgeous apartment with like a spiral staircase and be like oh my gosh I want to stay there! This sounds like the perfect place to spend two nights! No, no it doesn’t, it’s the worst place to spend two nights, [name redacted], you can’t, your budget will not accommodate that. So yeah, I always filter by price first, and then I’ll zoom into a location, because generally when I’m going somewhere, I have a vague idea at least of where I want to stay, within what radius or whatever, and so then I zoom in, and I really like how there’s the option, ‘would you like to show more results as you zoom in’? Yes. So yeah and then, I think I really find it important, for me, at least, to have lots of pictures, and I mean that’s not up to you guys, obviously, that’s up to the host and the users, but the more pictures I see, the more comfortable I feel. And then good descriptions and things like that. It doesn’t normally bother me – the gender of the host – that’s not something that I look for or filter by or anything like that, um, but yeah, price is definitely the first one.

7. What are the most important elements of a profile that you look for before sending a reservation request to a host (for example, a photo, a bio, connected social media pages, etc.)? Which are essential? Why?

Yeah, essential for me I’d say – definitely photo – I mean obviously it could be of someone else, who knows, but photo for sure. And then the bio, I really, really appreciate the bio. More than just bullet points or whatever, because I feel like I get a taste of their personality through the bio, a little bit, um, so yeah the more extensive the bio the better. Certainly. Basic bio information definitely essential. Although it’s not
essential I find it really important for me to see reviews from other users. I think that’s the kicker for me, like if I were choosing between two hosts or whatever, if they have positive reviews on whichever property, even if it’s not the one I’m going to stay in, from users, that’s what makes a huge difference for me.

8. Did you connect your Facebook account to your profile when you signed up? Why or why not?

I believe that I did – I’m not positive – now that I’m thinking about it – but it is now, so I don’t know if I did that immediately or if I did that later, but it is now.

9. Do you make any decisions to send reservation requests based on second-degree Facebook connections? For example, if you and the host have mutual friends, or if one of your Facebook friends has reviewed the host, would that impact your decision to send a reservation request to the host? In what way?

It hasn’t occurred with me yet, like I’ve never experienced that as of yet, but it would. Certainly. Like if I had a friend who positively reviewed a property it absolutely would influence me.

10. Would you stay with a host who has not yet been reviewed by other guests? Why or why not? What other elements of the host’s profile might mitigate the lack of reviews?

It would depend upon how great the location was, the price, all of the other like components, and whether or not they were really new hosts. Like if they were really new it’s understandable that they wouldn’t have reviews yet. Basically if the host is super new, I wouldn’t feel too uncomfortable if they didn’t have reviews because they haven’t been in the system that long. But if they have, if they do seem to be sort or established or have been a member for quite a while and didn’t have any reviews then I probably, if I had other options, I definitely would not choose that host.

11. Is it essential that the host has a verified email OR telephone number before you send the reservation request? If not, how important is it? Why?

Yes. Definitely.

Both, or one or the other?
I would say both. Yeah.

12. Is it essential that the host has a verified offline (government-issued) ID before you send a reservation request? If not, how important is it? Why?

[Request for clarification]

Have you noticed the verified offline ID feature at all?
Yeah, actually I have. I feel like I’ve spent a lot of time on this site recently, so I can tell
you all kinds of things! Yeah, and I can’t remember if I actually did it or if I started to do it, and stopped, but I’m pretty sure I uploaded my driver’s license.

Is that something that you look for in host profiles?
I think it’s kind of a non-issue at this point, like I definitely don’t look for it when I see hosts, I forgot that it existed. But I don’t think that it would make a huge difference to me, honestly.

13. Are there any other considerations you might have before sending a reservation request that you haven’t mentioned?
I feel like we’ve pretty much covered it. It’s very important to me that they have verified ways of contacting them, their bio, reviews, things like that.

14. Has your experience with Airbnb changed the way you evaluate potential accommodations? That is, can you think of any ways your first “host evaluations” differ from your more recent “host evaluations”? In what way?

I guess um, for me, now that I feel more comfortable with the site, and have done this a couple of times, I would say that I’m definitely looking for people who will chat with me. I didn’t really think that would be a big deal in the beginning in the first place where I stayed, um, like I never even saw the host, like we would arrange, the key would be under the mat, that sort of thing, but this most recent time when I went to New York, the host that I chose, I picked because I got my master’s at [institution redacted] and she worked at Sotheby’s, and I picked her because I thought it would be really fun to talk, and we actually spent an evening just like chilling with wine, and talking about art things, and I could tell from our message conversations that she was really amenable to chatting too, and thought it was awesome that we had that in common. So that is something that I really enjoy now that I’m more familiar with the site, is that it gives you the opportunity to really connect with people, so you can tell from the messages the personality of the host, and things like that, and choose people based on that, alternatively, if I weren’t really a conversationalist or whatever, and just wanted someone to let me use the room, I’m going to be out all night, I’m going to come in and get up and go out again and I really don’t want to be bothered, but I’ll pay you for your room, you can determine that too based on messages with the host and things, that they’ll be fine with that. So I think that it’s actually really wonderful because you can find, um, nice hosts that you’re compatible with, for whatever you’re doing with your trip. So that, I definitely look for more now, I talk more with potential hosts because I confirm because there are certain things that I’m looking for based on the trip. Also, the site has changed since I first started using it over a year ago, it’s just expanded so much, and I think it’s just beautiful now, so…I’m a big fan of all the things that have been added.
A.4 Full list of data analysis codes

House rules

Amenities
Amenities > Bed
Amenities > Kitchen
Amenities > Wi-Fi

Apartment pictures + description
Apartment pictures + description > Picture quality
Apartment pictures + description > Apartment pictures
Apartment pictures + description > Apartment description
Apartment pictures + description > ‘Verified by Airbnb’

Cleanliness

Comfortable with Airbnb

Crazy people

Descriptions

Difference between host there & not there

Do not perceive risks with P2P accommodation

Facebook
Facebook > Decisions based on connections?
Facebook > Decisions based on connections? > Do not care
Facebook > Decisions based on connections? > Have made a decision
Facebook > Decisions based on connections? > Would make a decision
Facebook > Facebook account connected?

Guest process

Honesty

Host profile
Host profile > Host gender
Host profile > Employment
Host profile > Host bio
Host profile > Connected social media pages
Host profile > Host profile photo
Host profile > Telephone number & email
Host profile > Verified offline ID
Host who has not been reviewed
Host who has not been reviewed > Would not stay with
Host who has not been reviewed > Would stay with

Airbnb standard practices & policies
Airbnb standard practices & policies > Photos ‘Verified by Airbnb’
Airbnb standard practices & policies > Customer service team
Airbnb standard practices & policies > Branding
Airbnb standard practices & policies > Refund & cancellation policy
Airbnb standard practices & policies > Website design
Airbnb standard practices & policies > Website design > Aesthetics
Airbnb standard practices & policies > Website design > User experience

How started using Airbnb

Like using Airbnb

Make me more trustworthy

Messaging system

Neighborhood

Response rate

Reviews

Risks of using Airbnb
Risks of using Airbnb > Legal questions
Risks of using Airbnb > Getting things stolen
Risks of using Airbnb > How do I get in touch if something goes wrong
Risks of using Airbnb > How to address issues
Risks of using Airbnb > Key transfer
Risks of using Airbnb > Disappointment / not accurately represented
Risks of using Airbnb > No site-wide standards
Risks of using Airbnb > Noisy
Risks of using Airbnb > One in a million
Risks of using Airbnb > Organized crime
Risks of using Airbnb > Personal safety

Skepticism

The more you know, the better

What seems available isn’t
Why trust Airbnb
Why trust Airbnb > Not concerned about personal security
Why trust Airbnb > Faith in Airbnb people
Why trust Airbnb > Can take care of myself
Why trust Airbnb > Not yet had bad experience

Why use Airbnb
Why use Airbnb > Hotel has too many amenities
Why use Airbnb > Accommodations more flexible
Why use Airbnb > Better than hostel
Why use Airbnb > Business model
Why use Airbnb > Cost savings
Why use Airbnb > Cultural experience
Why use Airbnb > Easy to book
Why use Airbnb > Economical choice / sometimes hotels are better
Why use Airbnb > Extras
Why use Airbnb > Fun
Why use Airbnb > Get a place on short notice
Why use Airbnb > Access to a kitchen
Why use Airbnb > Hotels are soulless
Why use Airbnb > Location specificity
Why use Airbnb > Meet / chat with host
Why use Airbnb > Only P2P site I’ve heard of
Why use Airbnb > Only P2P site I’ve used
Why use Airbnb > Personal touch
Why use Airbnb > Personalized search criteria
Why use Airbnb > Simple to book through one service
Why use Airbnb > Traction
Why use Airbnb > Value for money