

The effect of co-creation experience on the relationship between perceived value and consumers' propensity to participate in peer-to-peer hospitality sharing platforms

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Abstract

Today's consumers are sharing the use of underutilized goods and services directly with/to other consumers in need, minimizing the need for ownership. Today's consumers increasingly share underutilized goods and services directly with other consumers, minimizing the need for ownership. For-profit online platforms based on the sharing concept have emerged in the tourism marketplace and their businesses continue to grow at a phenomenal rate. The success stories of Airbnb and Uber have catalysed a vibrant sharing economy discussion among scholars. However, because the sharing business model is still in its infancy, little research on consumer behaviour and experience has been conducted and thus further research is needed on this topic. Therefore, this study aims to identify the effect of the co-creation experience on the relationship between perceived value and consumers' propensity to participate in peer-to-peer hospitality sharing platforms from a service-dominant logic perspective.

Key Words *Sharing economy, collaborative consumption, P2P accommodation rental, co-creation experience, service-dominant logic (SDL)*

Theme *What's going well in hotels and hospitality?*

Focus of Paper *Theoretical/Academic*

Introduction

Today's consumers are sharing the use of underutilized goods and services directly with/to other consumers in need, minimizing the need for ownership. Information and communication technology facilitates the development of the peer-to-peer sharing model by supporting online peer communities (Tussyadiah & Pesonen, 2016). Various terms are being used to describe a wide range of phenomena that use the Internet in various ways to connect service providers directly with consumers, bypassing traditional intermediaries. The terms "sharing economy", "peer economy", "collaborative economy", "peer-to-peer marketplace," and "collaborative consumption" are often used interchangeably. The Oxford Dictionary defines the Sharing Economy as "an economic system in which assets or services are shared between private individuals, either free or for a fee, typically by means of the Internet". Bardhi and Eckhardt (2012) defined collaborative consumption as individuals gaining access to goods and services by paying for the goods or services or temporarily accessing them without transferring ownership. The sharing economy concept has created markets out of assets that were not considered monetizable before (Geron, 2013). In what is called the sharing economy, collaborative consumption or the peer economy, individuals conduct sharing activities in the form of renting, lending, trading, bartering, and swapping goods, services, transportation solutions, space, or money (Möhlmann, 2015). Online platforms for the peer-to-peer sharing of consumer goods and services offer new ways for individuals to generate extra income from their possessions. In the sharing economy, the roles of both consumers and service providers have shifted, as the boundaries between consumers and service providers have been blurred (Heo, 2016).

The sharing economy concept has emerged in the travel and tourism marketplace. For-profit businesses based on the sharing economy concept continue to grow at a phenomenal rate. According to the report by investment bank, AGC Partners, investors committed \$4.93 billion to 71 deals related to the sharing economy in 2014, up five times from 2013. PricewaterhouseCoopers (PwC) reported that the international sharing economy reached about \$15 billion in 2014 and it is poised to reach \$335 billion by 2025. The rise of peer-to-peer hospitality sharing platforms such as Airbnb, 9flats, Housetrip, and HomeAway is of great significance to the traditional hospitality sector. Airbnb is the best-known example of the sharing economy phenomenon in the hospitality field. Zervas, Proservio, and Byers (2016) estimated that a 1% increase in Airbnb listings causes a .05% decrease in hotel revenues in the U.S. state of Texas. As of January 2016, Airbnb had listed over 1,500,000 accommodations in 34,000 cities and 190 countries. According to Merrill Lynch analysts, Airbnb listings could make up 3.6% to 4.3% of room inventory by 2020 with a projected 40% to 50% growth in listings per year.

The sharing economy concept provides tourists with a broader range of alternatives for tourism experiences. Forno and Garibaldi (2015) mentioned that new collaborative trends in tourism consumption, such as couch-surfing and Airbnb, differ from traditional options because they offer a highly personalized tourist experience. The growing popularity of peer-to-peer hospitality sharing platforms may reflect tourists' desire to connect directly to local people and their culture and to feel a part of the local community. Several researchers found that the interaction between host and tourists is an important driver of peer-to-peer hospitality sharing platforms although budget concerns are one of the main elements. For example, Guttentag (2015) argued that tourists not only use Airbnb because of its economic benefits but also because of experiential values it provides. Tourists join the sharing economy in order to exchange value by interacting with hosts, because today's consumers enjoy being active partners in value creation. According to Service-dominant logic (S-D logic) proposed by Vargo and Lusch (2004), interaction between consumers and service providers is critical to understanding their logic, as this is the enabler of the co-creation of value. Therefore, the purpose of this study is to identify the effect of the co-creation experience on the relationship between perceived value and consumers' propensity to participate in a peer-to-peer hospitality sharing platforms from an S-D logic perspective. The findings of this study will suggest future research directions and several managerial implications for tourism and hospitality businesses.

Literature Review

The Sharing Economy and Peer-to-Peer Hospitality Sharing Platforms

The success stories of peer-to-peer sharing platforms such as Airbnb and Uber have catalysed a vibrant discussion among scholars on the sharing economy. The academic literature on the sharing economy may be divided into several areas, one of which is concerned with the conceptual approach of sharing, access, and ownership (Belk, 2014; Bardhi & Eckhardt, 2012; Ozanne & Ballantine, 2012) while others focus on driving factors of participants (Forno & Garibaldi, 2015; Möhlmann 2015; Tussyadiah, & Pesonen, 2016) and hosts (Karlsson & Dolnicar, 2016).

In particular, several researchers in the field of tourism and hospitality management have tried to understand why consumers participate in the sharing economy. Various scholars claim that consumers either simply seek self-benefits such as cost savings (e.g. Bardhi & Eckhardt, 2012; Möhlmann, 2015), or they are driven by more ethical concerns such as the willingness to help (e.g. Ozanne & Ballantine, 2012). Forno and Garibaldi (2015) found that the choice for home-swappers to opt for this type of accommodation is driven by a desire to get to know the other people and to fit into a different cultural context, although the economic aspect is one of the key driving factors. Möhlmann's study (2015) revealed that satisfaction and the likelihood of choosing a sharing option again were predominantly explained by determinants serving users' self-benefit such as utility, trust, cost savings, and familiarity with a sharing option. Tussyadiah (2015) found that sustainability (i.e., social and environmental responsibility), community (i.e., social interactions), and economic benefits (i.e., lower cost) are three main factors that motivate users to stay in Airbnb accommodations. However, typical factors related to hotel choice such as location and amenities were not found in her study, which indicates that tourists who use peer-to-peer hospitality sharing platforms might have different expectations compared with more traditional travellers. Because the sharing business model is still in its infancy, little research on consumer behaviour and experience has been conducted and further research is therefore needed on this topic (Heo, 2016). In response, this study focuses on consumers' perceived value of peer-to-peer hospitality sharing and examines the effect of the co-creation experience on the relationship between perceived value and consumers' propensity to participate in peer-to-peer hospitality sharing platforms from an S-D logic perspective.

Service-Dominant Logic and Co-creation Experience

Consumer experience and value are the key components of the tourism and hospitality industry and S-D logic provides a conceptual framework for understanding the co-creation of value between the service provider and consumers (Shaw, Bailey & Williams, 2011). Central to the S-D logic is the proposition that the customer becomes a co-creator of value and S-D logic emphasizes the importance of the value-creating processes that involve the customer as a co-creator of value (Lusch & Vargo 2006). According to S-D logic, the consumer is the judge of value in service exchanges (Ballantyne & Aitken, 2007) as well as an operant resource (Lusch, Vargo & O'Brien, 2007). Vargo and Lusch (2004) argued that experience and perception are essential to value determination and there is no value until an offering is used. In a tourism setting, the more the tourist is involved in the co-creation process, the more likely he or she is to have a positive experience (Prebensen, Woo, Chen, & Uysal, 2013; Mathis, et al., 2016). Recently, researchers have increasingly focused on the co-creation of an experience. In the tourism and hospitality field, some scholars have examined the factors affecting the co-creation of an experience (e.g., Cova et al., 2011) and others explored how, and why, customers participate in the co-creation process (e.g., Cabiddu et al., 2013).

Holbrook (1999) defined customer value as an interactive relativistic preference experience. A multidimensional value perspective is considered more appropriate in service contexts (Zeithaml, 1988, Sweeney & Soutar, 2001) as the psychological aspects of consumption are more important because of the interaction between service providers and consumers, and the heterogeneous characteristics of the service experience (Holbrook, 1994). The concept of customer value in the tourism and hospitality literature has been a popular topic and constantly

revisited (e.g., Oh, 1999; Petrick, 2002; Nasution & Mavondo, 2008). Abundant research in tourism and hospitality management has been conducted to identify the different dimensions of customers' perceived value (Babin & Kim, 2001; Petrick, 2002; Al-Sabbahy, Ekinici & Riley, 2004; Sánchez et al., 2006; Gallarza & Gil, 2006; Sparks, Butcher & Bradely, 2008). Indeed, customers' perceived value is considered to be one of the most determinate factors of behavioural intention (Lee, Petrick & Crompton, 2007; Gallarza & Gil, 2006). Meanwhile, Mathis, et al. (2016) found that tourists' co-creation of an experience positively affects the tourist experience and loyalty to the service provider. Although many studies confirmed high correlations between value and intentional behaviours (e.g., Bardi & Schwartz, 2003; Sagiv & Schwartz, 1995), the relationships between customers' perceived value and behaviour may be variable in magnitude. We sought to identify what determines the relationship between value and behavioural intentions in the context of peer-to-peer hospitality sharing. Because value during the consumer experience is generated not only by the service provider but instead with the consumer as a joint effort, this study assumed that the satisfaction with the co-creation experience may moderate the relationship between customer value and behavioural intentions for peer-to-peer hospitality sharing.

Research Method

A questionnaire was developed to determine the effect of the co-creation experience on the relationship between perceived value and consumers' propensity to participate in peer-to-peer hospitality sharing platforms. Table 1 presents the measurement items used for this study. To measure consumers' perceived value of peer-to-peer hospitality sharing, the measurement items were taken from Williams & Souter (2009). Their value measures are based on the PERVAL value scale developed by Sweeney and Soutar (2001) and a novelty value dimension has been added. Because the sharing economy concept is a relatively new phenomenon, some participants may be attracted by the trendiness or novelty of the platforms. Therefore, it might be appropriate to use Williams & Souter (2009)'s measurement items for consumer value to measure these aspects. Regarding the measure of consumers' propensity to participate in peer-to-peer hospitality sharing platforms, three items regarding behavioural intentions adopted from Nguyen and Leblanc (2001) are used, namely, the customer's intention to continue to do business with the company, the customer's intention to recommend the company as the best in the area, and his/her intention to encourage friends and relatives to do business with the company. These three items are similar to those used by Zeithaml et al. (1996) in a study of four companies that provide services to end or business customers. To measure satisfaction with the co-creation of an experience, seven items were adopted from previous research by Cova et al., (2011) and Mathis et al., (2016). After the completion of the pilot test, data will be collected using an online survey company in March 2016. The results of this study will be presented at the Euro Chrie conference. The findings of this research will provide further insight into consumers' experience with peer-to-peer hospitality sharing platforms and future research directions will be discussed.

Table 1) Scale Development

| Constructs | Items | References | |
|--|---|--|---|
| Consumer Perceived Value | Functional Value | Consistent quality (FV1) | Williams & Souter (2009) Sweeney and Soutar (2001) |
| | | Done well (FV2) | |
| | | Acceptable standard of quality (FV3) | |
| | | Well organized (FV4) | |
| | Value for Money | Good return for money (VM1) | |
| | | Value for money (VM2) | |
| | | Good one for the price paid (VM3) | |
| | | Reasonably priced (VM4) | |
| | Emotional Value | Gave me feelings of well-being (EV1) | |
| | | Was exciting (EV2) | |
| | | Made me elated (EV3) | |
| | | Made me feel happy (EV4) | |
| | Social Value | Gives social approval from others (SV1) | |
| | | Makes me feel acceptable to others (SV2) | |
| | | Improves the way a person is perceived (SV3) | |
| | | Give a good impression on other people (SV4) | |
| Novelty Value | Made me feel adventurous (NV1) | Williams & Souter (2009) | |
| | Satisfied my curiosity (NV2) | | |
| | Was an authentic experience (NV3) | | |
| | Did a lot of things during stay (NV4) | | |
| Satisfaction with Co-Creation Experience | Staying in Airbnb host's place allowed me to have a greater social interaction, which I enjoyed | Mathis, et al (2016) | |
| | I felt comfortable talking with a Airbnb host during my stay | | |
| | The setting of Airbnb service allowed me to effectively communicate with Airbnb host | Cova et al., (2011) | |
| | My vacation experience was enhanced because of my stay in Airbnb | | |
| | I felt confident in my ability to collaborate with the Airbnb host. | | |
| Behavioural Intention | I would use Airbnb in the future. | Nguyen & Leblanc (2001) | |
| | I would recommend Airbnb to others. | | |
| | I would encourage friend and relatives to use Airbnb. | | |

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