THESIS WORK

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Prospects of sharing economy
How can sharing businesses attract new customers?

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# Table of contents

1. Introduction ............................................................................................................. 1
2. Theoretical Background ......................................................................................... 3
   2.1 The concept of sharing economy ...................................................................... 3
   2.2 Driving forces ................................................................................................... 5
   2.3. Introducing Airbnb, Uber ............................................................................. 8
      2.3.1 Airbnb ...................................................................................................... 8
      2.3.2 Uber ......................................................................................................... 9
   2.4 Challenges and regulations .............................................................................. 10
      2.4.1 Legal framework ...................................................................................... 10
   2.5 Consumer Behaviour ....................................................................................... 12
      2.5.1 loyalty ...................................................................................................... 12
3. Methodological background and approach ............................................................. 15
   3.1 Approach .......................................................................................................... 15
   3.2 Main questions .................................................................................................. 15
   3.3 Hypothesis ........................................................................................................ 17
      3.3.1 Hypotheses are listed below: .................................................................. 17
   3.4 Interview .......................................................................................................... 18
      3.4.1 Interview with an Uber driver .................................................................. 18
      3.4.2 Interview with a customer ...................................................................... 20
   3.5 Overview of the questionnaire ......................................................................... 21
      3.5.1 Introduction .............................................................................................. 21
      3.5.2 Results .................................................................................................... 21
4. Analysis .................................................................................................................. 24
   4.1. Connection to the hypothesis ....................................................................... 24
   4.2 Scenarios .......................................................................................................... 26
5. Conclusion .............................................................................................................. 28
6. Appendix ............................................................................................................... 32
7. References .............................................................................................................. 51
1. Introduction

In the recent years the stance of sharing economy strengthened as more and more companies appear in the market choosing this approach to business; to illustrate the growth of peer-to-peer model, I share a finding from Transparency Market Research: “A finding by Transparency Market Research suggests that “the opportunity in the global peer-to-peer market will be worth $897.85 billion by the year 2024, from $26.16 billion in 2015. The market is anticipated to rise at a whopping CAGR [Compound Annual Growth Rate] of 48.2% between 2016 and 2024.” (Research, 2016), consequently, they not only have to compete with “traditional businesses” but also with other peer to peer businesses. The figures show a great potential; however, we must not forget that there are challenges and obstacles to overcome for them. In terms of acceptance, sharing models received both supportive and regulative or even harming reactions. It raises the question, how sharing companies can increase or if necessary maintain the number of their customers, thus how they can be competitive and sustainable in the long run.
This leads to the subject of my thesis, which is called the prospects of sharing economy. The reason I decided to tackle this topic is since this title leads to many arguments and possible solutions as the world of sharing economy is still forming and currently, in my opinion, it is in an upwards trend, which statement I try to back up in later chapters. The topic itself is broad, includes lots of different industries and fields, therefore I focus my field of vision in the following industries: transportation, general services and hospitality. In terms of geographic location, it is more practical to choose one big unit, as there are many different countries, so I focus on the European Union, even though European countries differ, in some topics they have common grounds to a certain degree, for instance in terms of legal perspectives such as regulations, laws, economic system, the freedoms in goods, services, people and capital. Additionally, the news about the acceptance of sharing economy, there are many examples in both positive and negative way, for instance the state of Uber in Hungary, France or Germany. Moreover, I decided to narrow the subject to a question: “How can sharing businesses attract new customers? This question includes different applications to the topic of prospects of sharing economy. Important sub-questions might be about the marketing strategy; such as in what extent customers are loyal, where should peer to peer companies advertise or companies in the same sector should focus on differentiation or compete on price in order to win the customers. In later chapters I will examine each question more detailed.

My goal in the thesis work is as follows: explain what is the sharing economy itself; in which I briefly mention its history and explain its fundamental elements. Next, I am going to research and analyse the main driving forces for and against as well, most of the driving forces are from the outside; for instance: the change in demand and the organisations who exploit the advantages, just to mention some: in logistics and inventory management. I must also mention trends and challenges of sharing businesses; focusing on both customer and supplier side as well. Moreover, looking at European countries’ attitude towards these businesses; in which I collect legal statements and laws currently or in progress, in the development phase. Lastly, through formulating and testing my hypothesis, challenging them against information found in various literatures: articles, newspaper, websites and my primary research in form of questioners, I evaluate my assumptions and building on that I give recommendations to these sharing businesses.
2. Theoretical Background

In this part, firstly I will introduce and explain the concept of sharing economy; here I use definitions and phrases cited from some sources as well as my approach in defining this way of businesses and practices. In the concept section I include its actors, what are the main channels and tools used and what are the main drivers for sharing. Secondly, I compare peer to peer businesses with “traditional” businesses, through examples of real-world enterprises I will give more insight about the most important characteristics of it and how it is similar and different compared to other, non-peer to peer firms. Lastly, in order to answer the main question of my thesis I need to explain some theories about consumer behaviour, the main challenge of this section is to find out consumers’ interaction and relation with the companies is fundamentally different compared to common theories, also highlight any changing trends, if there any.

2.1 The concept of sharing economy

Firstly, I would like to illustrate briefly the history of sharing economy, if I drew the timeline with the start of sharing economy, it would be in the early 2000s thanks to the development of social online platforms, however it is not clear who was the first person or which company really started to use the term itself. Even though it is difficult to link this term to one person, however there is an important person to mention; professor Lawrence Lessig who spoke about sharing economy in a New York Times back in 2007: “The traditional company is one that’s just making money selling widgets or iTunes,” he explained. “The Internet exploded a sharing economy with things like Wikipedia where people are doing work that creates a lot of value, not for money but just because it’s their hobby. We’ve seen a pattern of hybrid companies like this trying to figure out ways to leverage that for a profit.” (Kummer, 2007)

What I believe is that it is a phenomenon, which grew thanks to some pioneer companies. It is certain that in the last decades peer to peer approach became more popular, just to mention some well-known companies: Airbnb, Uber, Taskrabbit. In the picture below some companies can be seen who are famous in the collaborating economy.
Before I expand the definition of sharing economy, it is worth to mention that it is not bound to a single sector or geological location, these companies are present in many countries and industries as we can see on the previously mentioned companies; hospitality, transportation, task, even more in crowdfunding, culture, culinarily and so on. For a more graphical representation of the different fields, you can see some great examples in the following infographic from a PwC study in appendix 1.

Let me list some companies present in Hungary which can consider being peer-to-peer to demonstrate in how many industries they are located: in the category of culture and culinary there are tickething.com, yummber.net, rukkola.hu, companies for dealing with certain tasks: rendi.hu, lofficecoworking.com, for crowdfunding: creativeselector.com, for transportation: oszkar.com, waze.com, blablacar.com and for hospitality: veddberbe.hu, Airbnb. In later parts, in my questionnaire shared in Hungary, I will ask people about, whether they are familiar with these companies and if they used them as well.

The approach to the way of business can be summarized in this way: “The sharing economy is a comprehensive notion that embraces a number of ICT enhancements and technologies, which advocates distributing the utilization of physical assets and services via online platforms. The link is usually a platform, which connects the actors.” (Nica, 2015). Building on this quote, I would like to further analyse the concept.

Firstly, let’s take a look at what channels are used. The idea, that a platform connects the actors to best use their resources to either save and maximize them and to provide some value-added service is a key point. By value added service I mean that a product or service generally in the core, serve a primary goal, to satisfy a need, then comes other dimensions such as design, ergonomics, bells and whistles, price. What sharing economy emphasize is the social dimension, people feel that they are more involved and have better control compared to the classic way of thinking. Here let’s have an example; company A is a traditional production company, it manufactures and sells its products in a retail shop. The customer chooses from the catalogue, then purchases, and so this is the end of the interaction. A sharing company goes further than that, the different actors collaborate together for example, on an online platform a person shares a need that he or she wants a cleaning service for the house, in this “community” people offer their time
and equipment to work together, they can share reviews and comments about each other’s’ experience. This leads to the fact that the technological advancements in the 21st made it more accessible to a wider range of audience, like a modern, bigger neighbourhood.

Secondly, what makes the sharing economy interesting is the concept of utilizing of resources, which has always been an important issue for the companies. What is common between the peer to peer businesses is the exploitation of outside resources, one of the most known example is Uber, the company does not own the most important asset: the car fleet, but instead they let their Uber drivers to use their own cars, consequently they have assets through their employees. Other commonly quoted example is Airbnb, which is basically an online marketplace, giving a platform to connect demand and supply without the need to have their own hotels, apartments. This new situation leads to altering the dependency situation between employer and employees, also between company and customer. Regarding the business model, the cost structure and the aims change as well, it is well defined in the following quote “In a Sharing Economy, many small-scale sharing ventures do not aim to profit from a resource but instead aim to offset the cost of ownership by sharing and allocating resources” (Elliott, 2016).

2.2 Driving forces

Moving from the overview of what is sharing economy, here I introduce the most important driving forces. I would group these elements in the following way: society, technology, politics and economy. I will go through each group and describe how each of them contributed to the rise of collaborating economy. Some forces enhanced each other’s effect in a way it greatly helped the forming of the peer to peer platforms, others are general trends, which not unique to these businesses, but they still had a great impact on them. Technological advances and the changing trends in the society together greatly formed the possibility of sharing economy, meanwhile economic and political forces, such as the legal frameworks and the everchanging economic trends with its ups and downs, booms and crisis supported the strengthening of sharing economy.

Starting at the society group, it includes changes in the perception of human relationships and culture. I would start with the cultural changes, for the theory I use Hofstede’s cultural dimensions, see the table in appendix 2. Briefly, these dimensions include power distance, individualism and collectivism, feminine and masculinity,
uncertainty avoidance and long-term orientation. Different cultures tend to be on each end of the scale, for instance, Western cultures generally more individualistic compared to Eastern, Asian cultures. From this model, I highlight power distance, individualism, and uncertainty avoidance. What derives from the previously explained definition of sharing economy it seems it converges towards more a collectivistic, open and individuals who do not fear to have a higher level of uncertainty. The last point, uncertainty is arguable, let me expand why. On one hand, customers try out new options, changing from the well-established, existing companies to newcomers, those who are not necessary have the required licenses and skills, for example, taxi drivers who must meet many requirements by their employer and institutions versus Uber drivers, who have a lower barrier of entry. On the other hand, the community experience gives a safety feeling, in which they think they have more control through interactive platforms and reviews, thus less likely to expose them to danger.

Due to the nature of sharing economy, I believe that the people who choose to engage in sharing are more comfortable with uncertain situations. Continuing with the different dimensions, power distance is stronger on the customer side, because of the fact that they are more able to influence the service; with using different applications and websites they can choose who they want to interact with. And lastly, with individualistic versus collective argument, it is possible that people choose sharing businesses over traditional ones because they think that it is better for the society, and ultimately it satisfies them. The reason they perceive this way might be that it helps to the local community. How do they help the local community? Well, in some cases people work together to help each other, rather than request services from multi-national companies, a great example is Airbnb, where people can browse a wide range of options against 5-star wellness-hotels.

In the following example, I would like to share the societal changes not only in the Western world, but also in Eastern countries. According to the book of Miura Atsushi, the people in Japan, especially the youth have a hard time to socialize, the number of singles is increasing, as a result, there is a need for a social safety net. People started to look for options to share their houses not only for economic, but also social benefits. He states that communication and connection increase personal satisfaction. Additionally, the reason for purchasing a product changed, social dimensions are more stressed than ever. “Miura’s overall contention is that Japan is moving away from the buy bigger and
better mentality to a fourth stage of consumerism, from “thing to people”.” (Atsushi, 2014).

Next, in the technological group, I not only include the developments and innovations in communication technologies, but also the way how we, the consumers use and exploit its opportunities. In terms of technology, the most important one is the internet. There are many reasons why the internet itself helped many different businesses. It is important to note the network not only supported the sharing businesses, but every other model as well. However, it had a greater impact on the spreading of collaborating companies. Since it quickens and eases the communication and the information gathering process, there is the opportunity to map and analyse the needs of customers and create new ideas.

Another important factor is the way how we use the technology, as the acceptance and purpose of internet and other media/communications devices increased, it changed our everyday life. Most sharing businesses capitalize on the fact that majority of people are connected almost all day to the web and interact with each other in real time. This leads to the notion that people feel that they must be up to date with information as quickly as possible. If companies are present on sites and devices, where people spend most of their time, they naturally draw attention and create a familiar atmosphere. I base this statement on the observation that people use more of their smartphones and or tablets to do more activities in one place. It is easier to have an application to call a taxi with one press, meanwhile look for a room for the night in the next second. For the following table, see appendix 3. In this table, we can see the share of devices used to surf the internet, although it does not specify what people searched on the web, but it gives some data about what was the share of smartphone usage in EU. According to the table, most used device to surf the net was mobile phone or smartphone with 79%, which was followed by laptop or netbook with 64%, third most used was desktop computers with 54% and lastly, tablets with 44%. These percentages were totals of different ages groups, generally, 16-24 age group used these devices the most.

In terms of political drivers, sharing economy is in a grey zone currently. The main points are the relationship with the industry, government and the society. Close cooperation and negotiation with the relevant entities can be drivers for businesses. In a desired scenario, the actors of the industry try to cooperate and use the newcomers’ ideas
and incorporate them, which helps to boost the acceptance. For example, some taxi companies instead of fighting the new approach they started to implement mobile applications to appeal the audience, in other situations they agree to work together, join ventures. In less favourable situations, however, the lobby against sharing businesses is big, thus the government makes laws either to sanction or control them. I explore these cases more detailed in challenges and regulations chapter.

Finally analysing the economic forces, we can see that some historical events helped to make sharing models more appealing and popular. Most notable is the global economic crisis from 2008, which led the consumers to look for alternatives. More options meant the change of prices in different services. On the customer side, it was possible to save, companies had to compete on the different pricing models. One example is the dynamic pricing which Uber employs, the fee depends on the relation between supply and demand, customers can see in which areas they can expect higher fees.

Moreover, as the popularity of sharing businesses increased, investors are keener to search for them. It is a similar phenomenon to tech bubble in the 90s, currently this model is a hot topic, which worth to keep eyes on. According to a CNBC article: “Furthermore, as bulls have piled into stocks such as Alphabet, Netflix and Amazon, venture capitalists have piled into some of the biggest "sharing" names. In fact, funding for some of the giant players in the space has been incredibly concentrated, with several large venture capitalist firms leading the way. According to Crunchbase figures referenced in the report, 75 percent of funding has been allocated to five companies alone: Uber, Airbnb, Lyft, Indian ride-sharing company Ola and Instacart.” (Ungarino, 2017)

2.3. Introducing Airbnb, Uber

In previous chapters I gave some overall explanation what is sharing economy, here I support these theoretical backgrounds with the presentation of two famous and known companies such as Uber and Airbnb. The goal of this section is to show the structure of the company, the business model, their presence in the market and what are their characteristics.

2.3.1 Airbnb

Firstly, I would like to introduce Airbnb with a short overview. It was founded in 2008 in San Francisco and currently operates as single member limited liability company. The best way to describe Airbnb is the following: “a social website that connects people
who have space to spare with those who are looking for a place to stay" (Georgios Zervas, 2013). The main profile of this company is the following: it creates an online platform where people can rent and book a room. What makes it different than hotel chains is the fact that, there is a low barrier of entry, anybody can join and use Airbnb. The targeted customers can be divided into big two groups: those who seek cheap and quick accommodation opportunities, in contrast to traditional hotel chains, and those who want to experience new things and are adventurous.

For business model canvas of Airbnb see Appendix 4. According to this canvas, the cost structure of Airbnb is mainly linked to its main activity, which includes the maintenance of its platform; such as the application, websites, keeping touch with its customers and partners through community and marketing management as well as the development costs. Continuing with this canvas, we can see its main revenue streams, which is consisting of two main sources: 6-12% booking fee for guests and 3% of booking fee for hosts. If we compare this structure to other members of the hospitality industry, such as hotel chains or hostels, it is more focused and manageable. In case of a luxury hotel, they have to account in many factors such as suppliers, maintenance and development of the used building as well as providing additional services such as catering, wellness and cleaning.

2.3.2 Uber

Uber was founded in 2009 in the United States. It is a peer-to-peer ridesharing company, where through their platform people with time and car can share a ride with those who want a drive. For the business model canvas, I use the video from lecture slide of Business Policy and Strategy from April 2017, the image about the business model canvas can be seen in appendix 5.

According to the work of Denis Oakley, the actors of Uber can be assigned in two groups: passengers and drivers as well, opposed to traditional taxi companies where the main customer segments are the passengers solely since the drivers are part of the company. (Oakley, 2016). In terms of cost structure, similarity can be found in the case of Airbnb, they share some costs, in Uber’s situation the vehicles are not as important as with traditional taxi companies. Consequently, the majority of costs derive from management and marketing of the platform as well as the payment of Uber drivers. Moving to the revenue streams, similarly to taxi companies they charge the passengers
by the distance travelled. However, they use an algorithm on Uber’s server to calculate the prices based on different demand and supply, the surge is accounted in, resulting in differing prices between each ride.

2.4 Challenges and regulations

In this section, I cover the potential drawbacks and legal struggles the sharing economies must face. Firstly, I will give a general overview of the negative points and disadvantages of collaborating. Secondly, I introduce some current trends and legal stances of some sharing businesses in Europe using news articles and studies, though I must add that as the different approaches from governments are subject to change. Lastly, some possible solutions to mitigate these problems. For the disadvantages I use some literature, which propose some potential problems. In addition, I use my primary research in form of a questionnaire, where I asked what are the potential problems with sharing economy as well as what were their overall impressions and experiences.

2.4.1 Legal framework

As far as regulations are concerned, it is important to note that businesses be it traditional or sharing, they must meet many points in order to operate without problems. Approaching the subject from this point of view, there are regulations which hold true for every company such as how they interact with their customers and employees, how they manage and use data, meet certain standards and the list goes on. In my thesis, I want to focus on legal areas which affect the most of sharing companies.

Referring back to the earlier parts of my thesis, namely the definitions and main driving forces I would put more emphasis on three major areas: safety, competition and technology. The most controversial topics in the news were about how these collaborating companies differ and do not meet the required law. I would like to give an example of Uber in Hungary for the purpose of illustrating the dispute in the political environment.

First point is the question of safety, both for the employee and the customers as well. There are many requirements to meet as a taxi driver; not only the qualifications and skills of the driver, but also the vehicle itself, for instance, these cars cannot be too old, they must have equipped with seatbelts, adequate wheels and so on. In the case of Uber there is less control over keeping these regulations. One of the most interesting aspects of Uber is that the drivers use their own cars, not vehicles provided or sold by the company. I
would also mention that in other industries, such as hospitality, similar issues arise as the regulations against a hotel chain are stricter compared to a room booked on Airbnb.

Moving next to the competition topic, the most commonly mentioned advantage of Uber is the predatory pricing. “Predatory pricing occurs when a business offers a service for less than the costs of delivering that service to drive out its competitors. Later, once the business is established, the business can raise prices indiscriminately. Unlike taxis, Uber offers promotions to secure market share and raises prices based on supply and demand. When Uber raises prices, it gives a warning to the user that “surge pricing” is in effect. However, boundaries between areas that have surge pricing and those that have normal pricing may only be “a few meters apart.” (Elliott, 2016)

In some countries, for example in Hungary the prices of taxi services are controlled by the government, it is a set amount for every legal taxi companies, along with the mandatory yellow painting on taxis. I would also mention other example from Germany “Unlike licensed taxi drivers, private citizens providing ride-share services do not always purchase medallions. They also do not take licensing exams, or necessarily carry commercial insurance. For these reasons and because they are not required to honor all ride quests, a German court banned Uber’s basic service throughout the nation.” (Arvind Malhotra, 2014)

This increased tension between the taxi lobby and Uber since these two parties did not operate in a common and fair competitive environment. However, this is not the only economical challenge for car sharing companies since not all countries have controlled taxi industry similar to Hungary, I must mention the business nature of sharing economy. Many collaborating companies are considered as “grey-zone”, meaning they can legally operate, however in some topics they are not regarded as fair players. The most known issue is the question of tax evasion, and how to regulate sharing economy. One reason why these companies can compete with “traditional” companies is the fact that they do not pay taxes in the country they operate or do not harmonize with most of the obligatory administration and fees. It is a very important obstacle to tackle for peer-to-peer companies to either step out from the grey-zone status or increase their lobby power to fight against regulations.

Lastly, I would talk about the technological concerns of using sharing economy. Nowadays, it is a growing concern the question of cyber hacking and identity theft. More
emphasis on using online platforms and employing applications on mobile phones might lead to cases, where the customers’ data is stolen and used later to breach in their private and sensitive information such as names, phone numbers, credit cards, passwords and so on. One might argue, that the ‘traditional’ companies use these platforms and opportunities as well, so it makes no difference. However, I might stress the fact that while “traditional” companies use these tools as an additional service, for peer-to-peer companies they are used more commonly. Consequently, there is a higher chance of problems occurring for peer-to-peer companies, compared to “traditional” ones. This may lead to more court cases, where sharing firms must face consequences of weak security used on their websites and applications. I believe putting more focus on proper IT development and employing lawyers specializing in cybercrimes is an adequate step for sharing companies.

2.5 Consumer Behaviour

2.5.1 loyalty

This section of consumer behaviour is important in my thesis work, as my primary question is about how companies can attract new customers, and from this point, sub-question could be phrased as; how might companies retain their customers in a competitive environment.

The structure is as follows: specific traits of loyal customers in sharing economy; including what are the key drivers for engaging in sharing economy, in previous sections, I discussed some reasons for sharing economy, however in this part I put more emphasis on the points which are more relevant in collaborating. Building on this I shift the focus in the next part on finding some trends and recommendations for the sharing businesses. The literature I used is a study from Donghua University, which mentioned 3 benefits, which affect the customers’ choice, which is the following: confidence, special treatment and social benefits. (Shuai Yang, 2016).

Starting with confidence, due to the nature of collaborating, it is essential to build a and maintain a level of trust with the customers. Sharing companies have a mixed reception about quality and confidence as it is explained in previous part, legal challenges, they are usually in a grey-zone in legal terms, meaning they are less regulated compared to “traditional” businesses. I would cite from the study to describe confidence benefits: “Confidence benefits are described as “feelings of reduced anxiety, trust, and confidence
in the provider” (Gwinner et al., 1998), which point to customers’ needs for confidence in core services and relationship stability (Patterson and Smith, 2001). Customers’ perceived confidence benefits help the service provider to develop a relationship (Gwinner et al., 1998). Building on this, I would mention that, for sharing businesses it is advantageous to communicate trust and reliability to its customers, as for potential new customers, lack of confidence in new services might be the first barrier, which should be tackled. Fortunately, it is possible for sharing businesses to increase the level of confidence of their customers, utilizing their technological tools such as their online websites and social networking. This is a double-edged sword concept, as later in my questionnaires I found, people trust more their peers and friends than external forces, such as advertisements from the company itself. One might put more emphasis on building an active community, where people more likely to share their opinions about the services they experienced. Additionally, in many peer-to-peer services there are rating systems, which helps the potential customers to feel confidence in choosing the right driver, room or any other service.

Next, I would like to introduce the concept of special treatments. It can be described as the company treat its customers with some form of additional benefits, for instance, faster treatment, monetary savings from loyalty programs or providing more opportunities to customize the service. Customers usually expect from the company to compensate them in a long-term relationship. This leads to an interesting question, do special treatments have a significant impact on customer loyalty compared to other benefits?

According to the study it surely had positive effect on customers, however, it did not have a significant effect on the relationship. In the study they did the research with focus groups firstly, then with questionnaires in China, they found the following:” The results show that customers in the sharing economy perceived confidence benefits and social benefits comparable to traditional services, and the two relational benefits have significant effects on customers’ commitment to the services. Unexpectedly, special treatment benefits do not have significant effects on commitment, although customers perceived this benefit. Interestingly, we find that a new type of relational benefits is perceived important in sharing-economy services – safety benefits, which also have significant effects on commitment.” (Shuai Yang, 2016). I support the idea of focusing on other benefits, as later in my own research using questionnaires and interviews, people who filled did not
mention special treatments as a possible way to improve their services. I might add however, that the need for loyalty programs and other forms of compensation for loyalty surely exists, as in my deep interview with a regular sharing economy customer, the interviewee mentioned that in case of booking platforms if you refer the site to friends or book rooms regularly, you might receive some money back in the next purchase, which is not a great sum, but it certainly had a positive impact on his decision of using these services. It might not be a greater priority, but reviewing ways to incentive loyal customers would not only be positive for existing customers, but for potential new ones it might be an additional point, which would motivate them to choose sharing businesses over traditional ones.

Lastly, I would focus on the social benefits. I cite from the study again to describe social benefits: “…benefits customers perceive from the emotional part of the relationships (i.e., personal recognition, familiarity, and friendships), rather than the outcome of transactions (Gwinner et al., 1998). In the context of sharing-economy services, customers interact with service providers directly, get socially tied, and eventually establish social connections beyond economic exchanges.” Social benefits are directly connected to collaborating, as this aspect separates them from “traditional” companies since social interactions are necessary for engaging in such businesses. According to my own research about social interactions, people always mentioned the positive atmosphere, as an advantage in these businesses, they felt more emotionally attached to them, for instance, Oszkár car sharing versus a taxi company in Hungary. The collaborating companies are in a good position in this regard, as from the beginning they positioned their services in the context of social sharing, they already established ways to interact with their customers through their online forums and application, consequently, they do not necessarily have to focus their resources on making their employees to change their behavior and interactions with their customers since it is expected from them. It is in connection with confidence benefits due to the fact that social bonding can contribute to increasing the level of comfort and trust in the business.

To sum it up this chapter, I introduced the concept of 3 benefits: confidence, special treatments and social benefits as a method to describe the customers’ loyalty towards a business. According to the study, these all three should be focused on, especially on social and confidence benefits based on their research. Additionally, I would
put more focus on incentive programs in the short-term as a possible way to attract new customers, however in the long-run other benefits should be more emphasized, which can be seen in the responses in my questionnaire about how sharing companies can improve their services for the customers.

3. Methodological background and approach

3.1 Approach

In this chapter I present my chosen methodologies of my thesis. I employed secondary and primary research. First, I want to explain the stages of my work. In early stages I searched, collected and analysed different literature, ranging from articles, websites and books. The points of interest in each source was to understand the definition of sharing economy, its main attributes and characteristics and trends. Based on the theoretical background I formulated my hypotheses. The ground of these hypotheses steamed from the information inflow of the secondary research and my assumptions from them. The aim of the research questions in my primary research is to either support or refute them, the method was to compare the data from both primary and secondary researches and evaluate them. If they were similar, closely correlated with my hypothesis, I would conclude they are supported.

3.2 Main questions

In this part, I explain what concerns and challenges sharing companies must face. Using these points, I formulated the general direction and content of my primary research, namely the questionnaires and the interviews as well. The purpose and aim of these questions is threefold: gather general information about the sharing economy, find and collect what are the advantages and disadvantages of using such services; using the responses I can further expand the content I started in theoretical part, and lastly to seek what are the points in which peer-to-peer companies can improve; be it technical, legal or even smaller things like more communication. Some questions were not directly present in the primary research, however they can raise up topics, which I might tackle in later parts, where I try to formulate some possible recommendations and scenarios, based on the findings of my primary and secondary research as well.

- Sharing businesses should advertise more at outside of local communities?

The purpose of this question is to find out, whether the marketing campaigns are successful in a larger sample, does it have an impact on new, potential customers, or focus
on current ones and through them, mostly on social media websites or word of mouth reach new ones.

Firstly, we must analyze how sharing business reach their customers currently, what are the channels, which traditionally work for every type of enterprises and which are unique or natural for them. The aim of this question to find the trends in marketing, which is more important attract new entirely new customers, focus on the community building and so on. Based on the bigger peer to peer businesses, I think the most common marketing channels now are the following: social media, online platforms (websites, blogs, content sharing sites such as YouTube).

- What is the focus of marketing message?

In this question, I am interested in how sharing companies present their activities. In previous sections, I collected some positive sides of collaborating. I am curious on, whether these positive points are emphasized in their marketing strategy; what are the main “calling” messages. These points could be information about competitive pricing, mention the quick service or emphasize the social aspects.

- In which channels companies reach their customers?

Based on the possible secondary research questions I will create, I assume the main channels are social media and the interaction between the customers; their discussions on forums and face to face talking about their experiences with the service. Even though these two seem to be the most important and useful channels, I am interested in whether other channels such as TV spots, radio programs or other visual channels like billboards and leaflets are relevant or they are rather negligible and the two main channels should be focused even more.

- To what extent customers are loyal to sharing businesses?

It is challenging concept since there are many factors which determine the customers’ after purchase behavior. Therefore, I look mostly on negative points, which can be changed in a way to satisfy and motivate customers to continue using sharing businesses. My main goal of this thesis is to find ways to attract new customers, but I believe in order to remain competitive in the future, they must employ methods to retain the existing ones as well, because of the fact that some solutions can be used to increase the likelihood of new customers.
3.3 Hypothesis

Here, I formulated the hypothesis building on the assumptions, which I gathered from the theoretical background, using the literature about the topic. In my work, I tried to explain some phenomenon, which explains and helps to find the answers for the main questions raised in the previous section. I will test these hypothesis by comparing the results of the primary research; firstly, with the findings of the interviews, secondly with the two questionnaires. Furthermore, I will make comparisons with not only the primary, but with the secondary research as well.

3.3.1 Hypotheses are listed below:

- **H1**: Lifestyle trends on sustainability have positive effect on collaborative businesses.

People are more concerned about their environment, they feel that sharing products rather than buying a new one; for instance, share a ride, exchange books, leads to satisfaction means more potential customers to sharing businesses. The trends themselves are beneficial for peer businesses.

In this hypothesis, I must find and analyze the trends, which correlates with the increased consumption of sharing businesses. The focus of the questionnaires must help identify the trends, which are unique to sharing or more common than in conventional business models.

- **H2**: The need to exploit excess capacity push people to use sharing models.

These sharing companies allow people to use up their resources, capabilities on demand, for example, creating a platform to connect those who have not utilized rooms in a house, renting other’s skills and time to perform a task, relevant examples are Airbnb and Taskrabbit.

For this hypothesis, I must map how the customers’ communication channels and bargaining power changed over the decade. The research focuses on listing these factors and draw a contrast to previous assumptions about supply and demand.

- **H3**: Building an active community improves the attractiveness of sharing firms.

Active engagement through social media and platforms not only helps to retain existing customers but impose positive picture in future clients. Active community means two-
sided communication, requiring not only the presence of the company on the various platforms, but also the commitment of the users.

In this subject, I assumed that community aspect is one of the main feature of sharing firms, however this point can be valid for other businesses as well. I must research if building on community leads to better customer satisfaction or does it have any meaningful difference at all, thus strengthen sharing firms more than it does on traditional ones.

- H4: Economic benefits do not have the same impact on customers as other factors.

Economic benefits on both sides: more rational use of products, services, less and or flexible pricing is an important element, however other factors such as social, sustainable, environmental, consumer trends make the sharing businesses more attractive.

This hypothesis is in correlation with my first one, here I connect the previously researched data about factors other than economic benefits and compare them, consequently research questions should use a scale on which I can draw the conclusion on the preference.

3.4 Interview

3.4.1 Interview with an Uber driver

Here firstly, I would like to give an overview of the interview, my goal with creating this interview was the following: gain more insights about sharing companies with the help of a person who worked in such a company, using this information to further understand the relationship between the employer and employee and the customer experience and lastly to find additional positive and negative sides of collaborating. I had the interview with a former Uber taxi driver from Hungary who was employed while Uber was allowed to operate in this country, this was communicated during a phone call. The questions and answers can be found in appendix 7

Secondly, I would like to expand the topic based on his answers, also challenge his opinions and experiences with my research on sharing economy.

Earlier in my thesis I discussed what are the main driving forces for choosing sharing economy, here I could ask what were the motivations of a driver choosing Uber over a taxi company. He mentioned two main reasons for his decision. First, he said the
opportunity for higher payment was a motivation for him to join, as I explained in earlier parts, the tariffs are centralized by the government in Hungary, therefore there are no rooms for competition on price for official, licensed taxi companies. In the case of Uber the source of income varied compared to taxi companies. In addition to monetary motivation, he also said that it was a different feeling to work in a car sharing company, his customers were more open-minded, it was a looser atmosphere. The conversations were mostly informal in contrast to the years at the taxi company. It is in line with the concept of social benefits, from the interview I could see it is applicable not only on the consumer side, but also on the supplier side. This situation is a mutual advantage for both parties. However, I would also mention that this experience is not exclusive to Uber drivers since “traditional” taxi drivers can have similar stories regarding positive interaction with their customers, but according to the literature used and the results of the questionnaires I can conclude that it is more common practice, to have a better social benefit using car sharing companies. Also, the fact that Uber was in a grey-zone, it created an atmosphere, which leads to more excitement to work with the company, however I must also mention that this situation is not the same in every country, as the acceptance of Uber varies country by country.

After this question, I wanted to get more insight on the relationship between the employees in Uber. The interviewee said that it was less strict in comparison to taxi companies, everybody got their jobs and focused on it, there were fewer interactions between peers and the employer. However, I must challenge this answer as a positive side of the company. I would say that according to my studies in business and management, there are different personalities, for some more closely supervising and closer ties to peers can lead to job satisfaction. I take his points as both advantage and disadvantage, depending on each different employee. He also shared information about in which case they were called in the company. They had a rating system, ranging from 1-5 scale, the goal was to stay above 4.6 points rating, if somebody fell below this rating, that person was called in and had a discussion about the rating, what were the possible problems and what can he or she do to improve the rating.

Moreover, he told me how the application was used. Through the mobile application he received the request of a customer, he had a short window of roughly 15-20 seconds to accept it or decline the request, after that he got the destination in the navigation app and after the ride was over he pressed “end”, after that the customer received the bill via e-
mail. This system was fluid and convenient to use in contrast to the system he experienced as a taxi driver.

I inquired about the negative experiences, but he could not recall any bad situations, however he mentioned one story, when some customers mistook his yellow car with a licensed taxi. Consequently, he talked about the tension and legal disputes between the taxi lobby and Uber.

3.4.2 Interview with a customer

I did a deep interview with a person, who used the sharing services regularly, the interview was done in person. The aim of this interview was to get additional information about a customer’s viewpoint, which I might not able to get through a questionnaire. I asked similar questions as in the questionnaire, however I put more emphasis on personal stories and experiences. The interview can be found in appendix 8.

Firstly, I asked about which companies he engaged with, these were: Blablacar, Uber, Airbnb and Oszkár car sharing. After that, I inquired about how did he get to know about these companies, his response was mostly through friends’ recommendation, but also saw advertisements on social websites such as Facebook.

The more important inputs were his experiences using these services. He talked about why he enjoyed Oszkár that much. The online platform was very easy and straightforward to use according to him, which leads to the topic of developing and improving the platforms these companies employ. When people talk about sharing economy, it is rarely mentioned how important is the platform itself used. He brought up a negative example of Airbnb, where the website itself was fine, but there can be information overload, hence there are too many options to choose from and it is difficult to filter and find the best accommodation for a person. One reason it is challenging to filter is that the prices displayed do not include all fees such as cleaning or regional taxes, which can change your opinion if you have set a certain budget. In fact, this might mean less transparency.

Moreover, he mentioned that due to the high number of accommodations available, it is difficult to ensure the consistent level of quality. In case of Uber he talked about one negative experience, where surging pricing was unpredictable. According to him, he called Uber in Italy for a longer ride, but due to the time he wanted the ride, it increased the price significantly, from roughly 80 euros it jumped to 200 euros. Fortunately, he could contact the customer service of Uber and paid less in the end. When
I asked about how could these companies improve, he talked about the incentive programs and quality. He brought an example from booking.com, where if you send the link to your friends or after certain purchases you might get some money back at the next purchase. He would like to see similar programs in different sharing companies as well.

3.5 Overview of the questionnaire

3.5.1 Introduction

Here I explain what were the topics covered in my research, also I detail each question to present what were the main focuses and goals, ultimately what were uses of them once I get the results. I created two questionnaires in google form service. The questionnaires and the results can be found in appendix 6.

Firstly, I would like to discuss about the structure: It consisted of 13 questions for the Hungarian and 14 questions for the English questionnaire, the two were very similar, it differed in few questions, mainly about which companies people engaged with. In the Hungarian, I listed some known companies as far as my research in considered, for the English, I did not ask for specific companies, my goal was to collect from their answers around the globe. The questions were short answer, choose an option and 1-5 scale ones. Most questions were optional, given the fact that even though people never participated in collaborating economy, they still might have opinions about the subject or already saw an advertisement.

Secondly, the targeted group of my research was mostly university students, I shared the link among fellow university peers as well as I asked some of them to share it with other students in different faculties such as tourism/hospitality, business and engineering. In the case of English questionnaire, I shared it on online platforms such as Facebook and Reddit. My goal was to research a wider audience; consequently, I did not narrow it down to a specific group like just university students or only 20-35 age group. However, I must add the fact that, the majority of the responses were from graduates or postgraduate students in the questionnaire.

3.5.2 Results

Here, I share the most important findings in the questionnaires, in each section I start with the Hungarian one, after that I present the English one and lastly, I compare the two to find similarities or differences if they are significant.
In the first section of questions, I asked about basic demographic information about age, gender and in case of the English questionnaire the country of origin. Even though demographic data contained less significance, given the sample I used, the age group can be explained, as the majority of people who filled it were university students. In terms of the gender, in both questionnaires, more males completed it than females, however I give it less significance, as sharing companies do not market specifically for males or females compared to other industries such as beauty products or sports equipment. Given the sample size, it might be possible that my topic was found more interesting by males, or it can be pure coincidence that more males completed my survey.

In the next section of questions, I asked about more relevant information regarding whether they engaged in sharing economy, what platform they used, where did they hear about these companies. Starting with the Hungarian one, more than half of the asked people engaged in sharing, which gave me more accurate answers for later questions. I was interested in which companies were the most known and used in Hungary, the top selected one was Airbnb with 28, it was followed by Oszkár with 13 and Uber with 6, rest were used by less than 3 responses out of 39 who answered this question. Based on the feedback, I believe hospitality and car sharing is the most popular industry in terms of sharing economy in this country.

In the English one, I found similar trends regarding the popular companies, such as Airbnb, Uber and there were some entries about other car sharing companies as well like Etsy or Lyft.

Next question was important, in this, I was interested in which platforms people get to know the company also on which they use and engage with sharing economy. The most common way people got to know about this form of business was through a friend’s recommendation, second best was social websites, which was in correlation with my assumptions as social aspects are important and people trust more their peers than a regular advertisement on TV for example. In addition, they mostly accessed the services through smartphones and laptops, which again can be explained by the need of mobility and quick service on the go.

I noticed similar trends in the English one regarding the dominance of social platforms and the role of word to mouth way of sharing information about peer-to-peer companies.
Same can be said about the use of smartphones and laptops to access the services of these companies.

Lastly, the most important topic in my opinion was the questions about the advantages and disadvantages of sharing companies, also in what can they improve to make their services more desirable. There were many different responses in both questionnaires, I try to group the answers in smaller units as many of them leads to similar problems.

Starting with the question about: what were the most important advantages in using peer-to-peer services. In both questionnaires, I mentioned price, quality, social experience, and following the trends, out of these they could choose maximum 2 choices. The most commonly picked possibilities were price and quality, in the English questionnaire, there were quite some people who chose the social experience as an advantage. It was in line with my assumptions about the importance of monetary aspect, however I expected more response in terms of social experience.

In terms of satisfaction, it is clear that, generally, people were highly satisfied with the services, on a scale from 1-5, the majority was between 4 and 5. It can lead to two possible outcomes: in most cases, there were no or very few complications during the service, which would make them dissatisfied, or it was a coincidence due to the small sample size that there was no response to score less than 3. I might add that, most services use a rating system, which may filter out many possible negative experiences.

Moving to the next group of questions: what were the biggest disadvantages of sharing economy. These entries sometimes contradicted or challenged the positive side of sharing economy. Majority of the responses fell in these categories in both the Hungarian and English questionnaire: price, quality control, illegality and trust. In terms of the debate on price, some companies such as Uber use dynamic pricing, which can lead to a higher price than usual, which can be both advantage and disadvantage, most responses about price as negative point came from those who used ride sharing services. Similar can be said about quality control and trust since sharing companies are a bit different than “traditional” companies people feel concerned about the level of professionalism of such said businesses. The topic of illegality is a bit difficult to grasp in the viewpoint of customers since there are multiple actors who can lobby for and
against sharing companies. Therefore, I focus more on the answers about the price, quality and transparency in the questionnaire.

Next, the question about how can sharing businesses make their services more attractive. The answers were more diverse in both questionnaires; therefore, I would select some relevant responses, which were interesting for my thesis. In the Hungarian questionnaire there were some ideas about whitening of sharing economy, such as making the sharing companies follow the standards and level of quality of “traditional companies in the same industries, make sure they pay the taxes to the government. Other interesting ideas were the use of money back and satisfaction guarantee, and more focus on corporate social responsibility programs. In the case of English questionnaire, the answers for similar, however they also mentioned transparency and be more upfront information about the fees.

Lastly, I would mention the questions about post purchase behaviour, such as would they use again these services in the future, would they recommend to their friends, and what is their opinion about the domination or co-existence of traditional versus sharing companies. In both questionnaires, more than half of them would use peer-to-peer services in the future as well as they would recommend them to their friends. This result might mean they were very satisfied or even they are loyal to these services. However, the topic of either using both traditional and sharing companies or either of them become dominant may lead to other consequence. Most of them responded they would use both of them in the future, meaning they do not think sharing companies are a replacement or new trends, rather a convenient addition to the existing supply.

4. Analysis

4.1. Connection to the hypothesis

In this part I will look at each of my hypothesis I thought about the topic and test them with the more important questions and the corresponding responses, the goal is to challenge each point and either accept or reject and bring up alternative hypothesis if possible. I must mention that the sample size of questionnaires was 55 for the Hungarian and 36 responses for the English one, I will also compare the hypothesis not only with the results of the questionnaire, but also with the findings of interview and the literature I used in the theoretical part.
I would start with hypothesis 4 on economic benefits, in which I hypothesized that economic benefits do not have higher impact on customers. Based on the interview I got the driver’s viewpoint on the customers’ interaction with him. On the employee side, economic benefits did have an effect, but the social benefits and experiences according to him outweighed it. On the demand side; if only the cheaper prices were the most important factors, the customers would not necessarily create a better atmosphere in a social sense, they would not behave similarly and choose collaborating companies solely because of the cheaper prices. Furthermore, other literature I used in the theoretical part also highlighted the significance of non-monetary benefits, as main drivers. Despite these evidences, I must also analyze the results of the questionnaire I conducted. According to the questionnaires, the most commonly chosen driver for sharing was the price in both Hungarian and English one as well. In terms of disadvantages of sharing, they also mentioned price as a problem, one example is the fluctuation of price due to the different fare systems such as surging prices in case of Uber or in case of Airbnb, not all costs are included and displayed in the price. Consequently, I am not able to say without doubt, that economic benefits do not have higher impact on customers. Alternatively, I suggest that economic benefits have as much, if not higher impact on customers’ decision on choosing sharing companies.

Moving to the second hypothesis: The need to exploit excess capacity push people to use sharing models. I did not find strong evidence for this hypothesis, in both the questionnaires and the interviews, as people brought up different advantages for sharing economy. However, based on my secondary research in the explaining of sharing economy, we might not able to define sharing economy, without the concept of using excess capacity. The examples of known peer-to-peer companies, such as Uber and even Wikipedia, show us that people like to use their capacities to share the costs. Therefore, I accept this hypothesis.

In the third hypothesis, I stated that: Building an active community improves attractiveness of sharing firms. Referring back to the customer loyalty part, I discussed that, how social and confidence benefits are important for the long-lasting relationship between the customers and the company. Also in the definition of sharing economy it is stated that these companies actively use online and social platforms to reach their audience, it is necessary them to build on them. Using the results of the questionnaire we can see that people regard social networking on higher priority, they trust their peers’
opinions more than ever. Therefore, many sharing companies pay attention to social interaction management, rating systems and activity on websites for the purpose of reaching out their targets. Ones with a well designed and developed platform attract the customers, as I could see this in the interview. Consequently, I accept this hypothesis.

In the first hypothesis, I mentioned that: Lifestyle trends on sustainability have positive effect on collaborative businesses. In most literature I used, this concept was briefly touched upon. In logical reasoning, people are more environmental conscious, and this trend have impact in their decision making. In my primary research, I asked about what are the positive aspects of sharing, however sustainability was not a top priority. As previously discussed, other drivers have more significance such as monetary reasons, social benefits and simply enjoying new form of businesses. However, some responses did mention that sharing companies should engage more in corporate social responsibility programs and some use car sharing on Airbnb for saving costs and reduce their environmental footprints. Based on these inputs, I am not able to fully accept this hypothesis since there are not enough significant and relevant evidence to support this. Therefore, I reject this hypothesis.

4.2 Scenarios

In this part, I will mention some possible scenarios in connection with the future of sharing economy. I try to formulate some recommendations in each case for these businesses to remain competitive and build their customer base as well as retain their current base. These scenarios are based on the current challenges of peer-to-peer companies and how they might react and adapt to these obstacles.

First scenario: Sharing companies reacting to the negative opinion about them, they try to harmonize their business policy with governmental regulations, which includes meeting the industrial minimum standards and adapt the tax policies.

In this situation, the companies would leave the stigma of grey-zone status, and would be able to operate in many more countries as opposed to the current situation. This would solve the administration problems and reduce the risk of possible court cases, which might rise from the dispute between the authorities and the company alike. However, this scenario holds possible dangers as well. One of the main point of the sharing economy is the saving on costs, and currently, they can operate with low prices thanks to the fact that they do not bear the same obligations as the established “traditional” competitors.
Nonetheless, it would lead to the rise of prices in many sharing companies, also mentioning the extra costs the firms might incur if they have to adapt the standards, meaning they have invest more in the business. As long as they can continue their operations, while not following entirely the laws, it is not necessarily advised to follow this scenario. I would regard this option the least likely to happen.

Second scenario: Sharing companies continue to follow their own patch, disregarding the growing concerns of regulations. They retain their competitive edge and do not raise prices.

In economic terms, this scenario might be the most ideal if the companies are risk averse. They do not have to change their business strategy and continue their operations as usual. As I found in the questionnaires, people are satisfied with the service they get, and some even would welcome cheaper prices. It is possible to maintain the level of quality in this model since the negative experiences were in low amount. However, the companies would be exposed to political forces, which might make the companies out of business. In this situation sharing companies might focus on their existing markets, and choose expansion of the business only with carefully researched and examined the political and legal background of the new market. This limits the growth of the business, but might be the most profitable option in the short-term, given the political pressure will not become more advanced compared to the current trends.

In either scenario, the sharing companies must choose between whether they want to plan for the short-term or the long-term. The bigger collaborating companies have the resources to further continue their operations as it is now, however smaller, nation bound companies must consider their strategy. These situations are mostly focusing on the survival of the company, I must also put emphasis on their relationship with new customers. It is important to refresh why customers are interested in sharing companies. First and foremost, the companies must reach them, and these firms also compete with each other, not only with traditional ones in the near future.

Consequently, it will be difficult to be unique and catch the attention of potential new customers in this environment. Hence, I suggest to further enhance the community the companies already have. Rather than launching new advertisements on different platforms, it would be more effective to motivate the current customer base to share their experiences and recommendations to their peers and friends. Certain sharing companies
already using some sort of incentive programs, where they award their customers if they refer or share the links with others, I would introduce this concept in the firms which do not have this already, for ones who use this method, I would supplement with other incentives.

These other incentives could be loyalty programs, where they would award customers who use their services for a longer time. Furthermore, working together with the community would also result in increased motivation. By this I mean that those who are active on the platforms, give suggestions or regularly rate the services would be compensated in some way. These compensates do not have to be monetary, but may be more emotional or symbolic, for instance, some premium features like some badges on online platforms or a chance to be part of the communication management. This way peer-to-peer companies not only strengthen their relationships with their customers, but also have opportunities for free promotion with minimal investment in the process, which is take them in advantageous position.

To wrap up this section, I mentioned 2 possible scenarios, which need different approach by the companies. In the first scenario, it is more suitable for a long-term strategy, however there is a chance to lose competitive edge against those who continue to operate in the same way. Regardless of the scenarios, I suggested ways to attract new customers. The main focus of my recommendation is to build on already established resources and improve it further, mostly the interaction with the customers.

5. Conclusion

In this part, I would like to summarize my thesis in few pages. The topic of my thesis is called prospects of sharing economy, more focused question: How can sharing companies attract new customers?

The structure of the thesis was as follows: introduction of the topic, explaining what is exactly sharing economy. Briefly, in this business model, the parties share some factors, for instance assets such as cars, equipment, rooms, people engaged in sharing economy are usually connected via an online platform and or mobile applications.

Next, I listed some of the main drivers for and against peer-to-peer models as well as I included a brief overview of Uber and Airbnb. I grouped the forces for sharing economy
in the following way: society, technology, politics and economic reasons. Starting with the changes in society I touched upon the following concepts: Hofstede’s cultural dimensions, more focused on individualistic versus collectivism, in this regard the shifting viewpoint of ownership and the topic of uncertainty avoidance, leading to a trend, in which we can see that in sharing economy, people put more trust and try new things. In terms of the overview of Uber and Airbnb, I shared general information about their foundation and using business model canvas I showed some important detail about their revenue and cost structures alike. It is a common practice in both Uber and Airbnb, that they have focused cost structure on their main activities for example, maintenance and development of their platforms as well as the social management. Additionally, thanks to their business models, they reduce costs by having less physical assets compared to their competition, for instance, Uber does not own a car fleet or Airbnb is only an online marketplace, it does not own houses, apartments and so on.

After that I mentioned some challenges these peer-to-peer companies have to face in the current economic and political environment. I highlighted 3 fields, which greatly affect the sharing businesses, these were: safety concerns, the question of fair competition as well as the technological dark sides. In my opinion the most important one was the competition topic, therefore I brought example of the legal disputes and challenges of Uber in Hungary. Moreover, I referred to an article about the German situation. As far as fair competition is concerned, in my thesis work, I emphasized the fact that currently, sharing businesses are in grey-zone situation. The reason behind this is the following: they are not following the taxing policies in many countries, therefore they are able to offer lower prices, resulting in competitive edge.

Following the challenges section, I discussed the topic of consumer behaviour, more specifically, the question of customer loyalty. Based on the literature I used, I introduced 3 benefits, which might correlate with loyalty, these were: confidence, special treatment and social benefits.

Moving from the theoretical part, I formulated some focus questions and stated some hypothesis based on the general direction given by the questions. Building on them I created two interviews, in the first case, I looked the interviewee from the supplier side of sharing economy, namely a former Uber driver from Hungary, in the second case I searched for a person who regularly used the services of sharing economy in order to have
more information on the customer side. From the Uber driver interview I found that in
the interviewee point of view, not only the possible higher source of income, but also the
social interactions and better working environment were the motivating factors for
choosing car sharing company. Additionally, I got some insights about the relationship
between the company and the employee, the importance of rating system as a form of
quality control since drivers have to maintain a certain level of points. In the customer
interview I received information about the positive sides of sharing economy, which was
in line with the theoretical background such as flexible prices, social interactions also the
convenient user interface of the platforms. Moreover, the interview draw attention on the
importance of well-designed online platforms as well as the positive effect of certain
incentive programs. Following the interviews, I made two questionnaires, one in
Hungarian and one in English, the content and design were similar in both cases. The
most important inputs of the questionnaires were the customers’ experiences with the
peer-to-peer businesses, both advantages and disadvantages as well. The most commonly
mentioned positive points were the fact that it is different, has flexible prices and in some
cases higher quality. In contrast, the downsides of sharing economy relate to the legal
disputes and the competitive edge of sharing businesses such as surging price in case of
Uber, which can be both good and bad, the lack of quality assurance due to the high
number of suppliers and fewer tools to monitor them and lastly, their debatable part in the
economy because of their taxing and regulatory policies.

In the analysis section, I looked at my primary research and challenged them with
my hypothesis including the theoretical background as well. I established 4 hypotheses,
out of them I accepted two and rejected the other 2. I found the second and third
hypothesis acceptable, which were: H2: The need to exploit excess capacity push people
to use sharing models and, H3: Building an active community improves attractiveness of
sharing firms. I used the third hypothesis as basis for possible recommendation to sharing
business to attract new customers as well as maintain their customer base.

Following that I created 2 possible scenarios and thought about what direction peer-to-
peer companies might take as well as what are the potential advantages and disadvantages
of each scenario. In the first scenario I envisioned the possibility of whitening of sharing
economy, thus incorporating them in the system, resulting in fewer legal struggles and
opportunity for expansion in more markets, where due to the currently imposed
restrictions or even bans, it would not be optimal. However, in this case collaborating
companies might lose their competitive edge and some of their customer base, as in previously discusses in the analysis, price is an important and factor for them. This scenario might be feasible in the long-run, but in the near future it has its risks.

In the second scenario, sharing businesses continue to operate in similar way as it is currently, thus disregard the increasing pressure of the governments and lobby groups. This way, it is more profitable in the short-term since they do not have to invest in strategic planning and or corporate level change. However, this scenario poses great danger in the long-run, hence it can damage not only their revenue streams, but also their day-to-day operations.

Lastly, based on the results of my primary and secondary research, I came up with a recommendation for sharing companies to attract new customers, which was the aim of my thesis work. I highlighted the aspect of active community in peer-to-peer economy. In my opinion they should focus on their customer base, by rewarding them for being active member of the community. These rewards can be in monetary kind, for instance, loyalty programs, where certain amount of the purchases give points, which in return give discounts in the next purchase. Furthermore, it can be intangible, non-monetary kind such as providing the customers with some premium features, such as enhance their roles on online platforms, forums. This leads to strengthening of the community, which might result in increased effect of word of mouth communication. Therefore, the companies improve their marketing power, without the need of additional resources spent on TV spots or advertisements in other marketing channels such as radio or newspapers, which according to my questionnaires and interviews had little impact on customers.
6. Appendix

1. Mobility industry
Car clubs (car sharing), real-time vehicle sharing (ride sharing), parking space rental, on-demand car and bicycle rental, community-based traffic and navigation applications
BlaBlaCar, Uber, Lyft, Wundercar, Zipcar, BMW DriveNow, Car2Go, MOL Bubi, Waze

2. Retail and consumer goods
Everyday functional objects (e.g. for housework and household tasks, kitchen, sport), food sharing, closet sharing, shopping communities, community gardens
Peerby, Shareyourmeal, Threadflip, Poshmark, Picniq, Yummber, Miutcánk.hu

3. Tourism and hotel industry
Monetised home sharing, non-monetised home sharing, home exchange, community tourism services, coworking offices
Airbnb, Couchsurfing, HomeExchange, KAPTÁR

4. Entertainment, multimedia and telecommunication
Online music and video streaming, wireless community networks
Spotify, Deezer, YouTube, Netflix, Fon, Ott One, UPC Wi-Free

5. Financial sector
Community financing (crowdfunding), c2c lending, community innovation (crowdcreation)
Kickstarter, Indiegogo, Lending Club, Zopa, InnoCantive, Creative Selecto, MagNet Bank

6. Energy sector
Wind farms, community solar projects, virtual power plants, electricity storage solutions
Mosaic, Solar Share, Sunshot, Wien Energie, Tesla

7. Human resources sector
Provision of various services, odd jobs (household tasks, distance work, etc.), online teaching
TaskRabbit, Sorted, SkillShare, Polyglot klub

2.

<table>
<thead>
<tr>
<th>Country Characteristics</th>
<th>Overview</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Power Distance</strong>: how far less powerful group members expect/accept power is distributed unequally</td>
<td>High-PD: more coercive and referent power is used. Power Distance Index scored as 104 in Hofstede sample</td>
</tr>
<tr>
<td><strong>Individualism/Collectivism</strong>: ties between individuals are loose: everyone expected to look after themselves and their immediate family</td>
<td>Collectivism: integration from birth into strong, cohesive in-groups protecting members in exchange for unquestioning loyalty</td>
</tr>
<tr>
<td><strong>Masculinity/Femininity</strong>: distribution of roles between genders</td>
<td>High-M: men’s values very assertive and competitive; maximally different from women’s values</td>
</tr>
<tr>
<td><strong>Uncertainty Avoidance</strong>:</td>
<td></td>
</tr>
<tr>
<td>High: Acceptance of familiar risks; fear of ambiguous situations and of unfamiliar risks</td>
<td>Low: Comfortable with ambiguous situations and unfamiliar risks</td>
</tr>
<tr>
<td><strong>Long term/Short Term orientation</strong></td>
<td>Long-term: values of thrift and perseverance</td>
</tr>
</tbody>
</table>

1. Hány éves vagy?

55 responses

- 14-21: 10.9%
- 22-35: 25.5%
- 35+: 63.6%

2. Milyen nemű vagy?

55 responses

- Férfi: 65.5%
- Nő: 34.5%

3. Igénybe vettél már valamilyen közösségi cég szolgáltatását?

55 responses

- Igen: 29.1%
- Nem: 70.9%
4. Ha igennel válaszoltál, melyik cég? (jelölhetsz több választ is)

- Oszkár: 13 (33.3%)
- Airmbb: 28 (71.8%)
- Tickotheg: 1 (2.6%)
- Rand: 2 (5.1%)
- Rukola: 3 (7.7%)
- Miutánik: 1 (2.6%)
- Uber: 6 (15.4%)
- GreenGo: 1 (2.6%)
- UBER: 1 (2.6%)
- Etty: 1 (2.6%)
- Bablaca: 1 (2.6%)
- Greengo: 1 (2.6%)

5. Ha használtál már, hogyan jutott a tudomásodra a cég tevékenysége, milyen csatornákon keresztül? (jelölhetsz több választ is)

- TV: 2 (4.8%)
- Weboldalon megjelenő reklám (bannern): 8 (19%)
- Közösségi oldal (pl.: Facebook): 24 (57.1%)
- Ismerős ajánlásán keresztül: 31 (73.8%)

6. Mik voltak a legfontosabb szempontok? (válassz legfeljebb 2 elemet)

- Ár: 40 (95.2%)
- Minőség: 30 (71.4%)
- Közösségi élmény: 5 (11.9%)
- Divat követése: 0 (0%)
- Kíváncsiság: 1 (2.4%)
- Megbízhatóság: 1 (2.4%)
7. A véleményed szerint mik a közösségi gazdaság hátrányai?

33 responses

<table>
<thead>
<tr>
<th>Tul sok van</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biztonság</td>
</tr>
<tr>
<td>Nagyobb a kockázat a rossz színű szolgáltatásra, mert nem ellenőrizhető le annyira a konkrét szolgáltató.</td>
</tr>
<tr>
<td>a személyes szféra sérülése</td>
</tr>
<tr>
<td>Szakmai sztenderdék hiánya.</td>
</tr>
<tr>
<td>Az, hogy az emberek természetükönél fogva szeretne birtokolni, és csak akkor cseptanak meg, ha előnyük számára belőle.</td>
</tr>
<tr>
<td>Megbízhatatlan</td>
</tr>
<tr>
<td>Könnyen átverhetik a vásárlókat</td>
</tr>
<tr>
<td>Nem kidolgozott metodus</td>
</tr>
<tr>
<td>Nem látom hátrányát</td>
</tr>
<tr>
<td>Nem igazodik az ország adopolitikájához, lehetőséget biztosít adózatlan jövedelem szerzésére annak köszönhetően, hogy az információ szolgáltatásra nehéz őket kötelezi</td>
</tr>
</tbody>
</table>

---

7. A véleményed szerint mik a közösségi gazdaság hátrányai?

33 responses

<table>
<thead>
<tr>
<th>Szabályozás hiánya, vagy a szabályozás korlátozottsága, ismerethiánya, vagy szimplán a szabályalkotó szándékos részrehajlása</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nem certifikált/akkreditált szolgáltatások.</td>
</tr>
<tr>
<td>Fekete?</td>
</tr>
<tr>
<td>Kevésbé transzparens, így kevésbé biztonságos</td>
</tr>
<tr>
<td>Nem olyan megbízható, nincs garancia</td>
</tr>
<tr>
<td>Ellenőrizhetőség, elszámolhatatlanság</td>
</tr>
<tr>
<td>Az, hogy hosszú távon nem fenntartható. Az emberek kijátszák, cégek alakulnak ki vagy álcázva használják ezeket a felületeket értékesítésre.</td>
</tr>
<tr>
<td>Ismeretlenség, megbízhatatlanság</td>
</tr>
<tr>
<td>Ar, néha időgényes</td>
</tr>
<tr>
<td>Megbízhatatlan, más emberek mást várnak tőle, ez kelméletlenségeikhez vezethet</td>
</tr>
<tr>
<td>minőségbiztosítás, adózás</td>
</tr>
</tbody>
</table>
7. A véleményed szerint mik a közösségi gazdaság hátrányai?

33 responses

- Minosegíztetés, adozás
- Bizalmat nehéz elnyerni
- Nem tudod magadéknak érezni a tárgyat. Ki vagy szolgáltatva annak, hogy mások hogyan és mikor használják megkerüljük a hagyományos "vállalkozási" formákat és erősítük a feketegazdaságot, valamint az angyalkozdást
- Másoktól függes
- Nem megfelelő minőség ellenőrzés
- Fogyasztóvédelmi igények érvényesítésének nehézsége
- Mindenkinek már az ízlése/véleménye, szóval nehéz bizni abban, amit mond azok a többiek
- nem mindig megbízható
- Adócsalók
- Ellehetetlenné vált a minőségi szabványoknak megfelelően működő vállalkozásokat.
- Koordinatív hiány

8. Milyen eszközön keresztül használd/használtad a szolgáltatást? (jelölhetős több választ is)

42 responses

- Okostelefon: 32 (76.2%)
- Tablet: 10 (23.8%)
- Otthoni számítógép: 7 (16.7%)
- Laptop: 28 (65.7%)

9. Mennyire voltál elégedett a szolgáltatással?

42 responses

- 1 (0%)
- 2 (0%)
- 3 (14.3%)
- 4 (45.2%)
- 5 (40.5%)
10. Ajánlanád ismerőseidnek?
51 responses

86.3%

13.7%

11. Használnád máskor is?
44 responses

81.8%

13.6%

12. Szerinted megfér egymás mellett közösségi és "klasszikus" cég?
(például taxi és Uber, szállodák és Airbnb)
50 responses

86%

8%

6%

Igen, használnám mindkettőt.
Nem csak a közösségi céget választanám.
Nem csak a "klasszikus" céget választanám.
13. Végezetül, szerinted mitől lehetne vonzóbb egy közösségi cég?
29 responses

<table>
<thead>
<tr>
<th>Már attól vonzóbb hogy más</th>
</tr>
</thead>
<tbody>
<tr>
<td>fokozott elszámolhatatóság</td>
</tr>
<tr>
<td>Garantált minőségi színt és naguebb ismertség.</td>
</tr>
<tr>
<td>még alacsonyabb árak</td>
</tr>
<tr>
<td>Ár, rugalmasság, technológiai fogékonyaság.</td>
</tr>
<tr>
<td>A közösségi cégek - az Ubert és az Airbnb-t kiegészíti - már amúgy is vonzóak az általuk megteszelt főérték arány miatt.</td>
</tr>
<tr>
<td>Ha a fenntartható fejlődés tamogatása alapjan differenciálva magat.</td>
</tr>
<tr>
<td>Általában a közösségi szolgáltatások előnye az olcsóbb ár. Vonzóbb a foglalás/rendelés minél egyszerűbb formája, a rugalmassága és az alacsonyabb ára teszi</td>
</tr>
<tr>
<td>Hatékonyság, ar/érték arány növelese</td>
</tr>
<tr>
<td>marketing</td>
</tr>
<tr>
<td>Ha megbízható és nem bundázható a minősítési rendszere</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ilyen ötletem nincsen :)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Használati egyszerűség, kultúra</td>
</tr>
<tr>
<td>Barátságosabb hozzállás a szolgáltató részéről</td>
</tr>
<tr>
<td>Így is vonzó, a realitás határain belül nem sok dolgoz. Amúgy persze lehetne még olcsóbb</td>
</tr>
<tr>
<td>hogy tényleg közösségi, mint pl a miután és nem kamru közösségi mint az übet</td>
</tr>
<tr>
<td>Ha korábbi fogyasztók véleményét feltüntetik, ettől megbízhatóbbnak tűnik</td>
</tr>
<tr>
<td>Komoly pl. Pénzviszonyzata és elégedettségi garancia, olcsóbb ár, jobb elérhetőség, nagyobb választék</td>
</tr>
<tr>
<td>ha a társadalmi feltételek változtak jobban ráerősítésénél</td>
</tr>
<tr>
<td>Rugalmasság, megbízhatóság</td>
</tr>
<tr>
<td>Pontosabb ellenőrzés</td>
</tr>
<tr>
<td>Professzionális magatartás</td>
</tr>
<tr>
<td>Ha jók az árak és nincs sok plusz díj/nincs tagság díj</td>
</tr>
</tbody>
</table>
13. Végezetül, szerinted mitől lehetne vonzóbb egy közösségi cég?

<table>
<thead>
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<th>29 responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>hogy tényeg közösségi, mint pl a miutcánk és nem kamu közösségi mint az uber</td>
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</tr>
<tr>
<td>ha a társadalmi felelősségvállalásukra jobban ráérősítenének</td>
</tr>
<tr>
<td>Rugalmasság, megbízhatóság</td>
</tr>
<tr>
<td>Pontosabb ellenőrzés</td>
</tr>
<tr>
<td>Professzionaális megakadály</td>
</tr>
<tr>
<td>Ha jók az árak és nincs sok plusz díj/nincs tagság díj</td>
</tr>
<tr>
<td>Hitelesebb lehetne, ill. mivel nem decentralizált rendszerrel beszélünk, ezért szerintem nem feltétlen közösségi meg. A blockchain technológiája egy út lehetne ehhez</td>
</tr>
<tr>
<td>Befizetnék ugyanazokat a közterheket mint a hagyományos cégek.</td>
</tr>
<tr>
<td>Ügyfélszolgálat és szolgáltatás minőségének standarcizálásával</td>
</tr>
<tr>
<td>'superior performance' - olcsóbb, jobb</td>
</tr>
</tbody>
</table>

source: Ádám Hajas (2018) questionnaire using google forms

1. How old are you?

<table>
<thead>
<tr>
<th>36 responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>52.8% 14-21</td>
</tr>
<tr>
<td>38.3% 22-35</td>
</tr>
<tr>
<td>8.3% 35+</td>
</tr>
</tbody>
</table>

2. What is your gender?

<table>
<thead>
<tr>
<th>36 responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>69.4% Male</td>
</tr>
<tr>
<td>30.6% Female</td>
</tr>
</tbody>
</table>
3. Which country are you from?

32 responses

4. Have you engaged in sharing economy?

36 responses

5. If yes, can you mention which company was the most memorable? (can add more than one)

19 responses
6. How did you get to know the peer to peer businesses, which media channels?

- [ ] TV
- [ ] Ads on websites
- [ ] Social sites (such as Facebook, Twitter)
- [ ] Friends
- [ ] Other...

32 responses

- 7 (21.9%)
- 8 (25%)
- 18 (56.3%)
- 21 (65.6%)
- 1 (3.1%)
- 1 (3.1%)
- 1 (3.1%)

7. What are the most important advantages in your opinion? (choose 2 at most)

31 responses

- Price 24 (77.4%)
- Quality 20 (64.5%)
- Social experience 10 (32.3%)
- Follow the newest trends 0 (0%)
8. Based on your experiences or impressions, what are the greatest disadvantages?

23 responses

<table>
<thead>
<tr>
<th>Price (usually)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of quality control.</td>
</tr>
<tr>
<td>Price if high, quality if bad and the ignorance of a useful work because of the unpopularity of the seller</td>
</tr>
<tr>
<td>Not knowing how to run an economy.</td>
</tr>
<tr>
<td>Not totally trustworthy</td>
</tr>
<tr>
<td>Reduced accountability</td>
</tr>
<tr>
<td>Rich people buy houses, use them for AirBnB, and “price out” the people who actually want to live there. This is becoming a huge problem for attractive cities in Europe especially, with landlords living in Hong Kong or China</td>
</tr>
<tr>
<td>None</td>
</tr>
<tr>
<td>Security</td>
</tr>
<tr>
<td>Trusting a single person or group of persons over an established company</td>
</tr>
<tr>
<td>Pricing</td>
</tr>
<tr>
<td>Quantity in some areas</td>
</tr>
</tbody>
</table>

8. Based on your experiences or impressions, what are the greatest disadvantages?

23 responses

<table>
<thead>
<tr>
<th>Quantity in some areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>There isn’t guaranteed to be an available house in the area, unlike most hotel services.</td>
</tr>
<tr>
<td>na</td>
</tr>
<tr>
<td>consistency</td>
</tr>
<tr>
<td>Services not being available because you live outside of a metro area</td>
</tr>
<tr>
<td>prices</td>
</tr>
<tr>
<td>Bad quality and nasty drivers</td>
</tr>
<tr>
<td>Lack of quality control. Too much room for error.</td>
</tr>
<tr>
<td>Possible illegal conduct/unprofessionalism</td>
</tr>
<tr>
<td>Couldn’t say</td>
</tr>
<tr>
<td>Potential for theft, mugging, etc</td>
</tr>
<tr>
<td>nothing</td>
</tr>
</tbody>
</table>
9. On which platform do you engage in sharing businesses? (can choose more than one)

- Smartphone: 25 (39.3%)
- Tablet: 3 (10.7%)
- PC: 12 (42.9%)
- Laptop: 10 (35.7%)

10. How satisfied you were with the service?

- 1: 0 (0%)
- 2: 0 (0%)
- 3: 7 (25%)
- 4: 13 (46.4%)
- 5: 8 (28.6%)

11. Would you recommend these services to your friends?

- Yes: 31 (83.3%)
- No: 7 (16.7%)

28 responses

28 responses

36 responses
12. Would you use it more often in the future?

30 responses

- Yes: 43.3%
- No: 50%
- Maybe: 6.7%

13. Do you think "traditional" and "sharing" businesses can coexist? (for example Taxi and Uber, Hotel chains and Airbnb)

30 responses

- Yes, I would prefer to use both of them: 70%
- No, I think either of them will become dominant: 30%

14. Lastly, do you have any suggestions how sharing companies could be more attractive to customers?

16 responses

- Reduce the pricing, that’s about it.
- There is a rating system, but there needs to be some form of quality control for the past performers.
- Attention to details
- It could show the customers that they are working together for the businesses to be better.
- Lower the prices
- More upfront info about fees
- Low prices! Already got that in the bag
- No
- Improve standards and availability
- No
- Exist where I am
- Start an ICO
14. Lastly, do you have any suggestions how sharing companies could be more attractive to customers?

16 responses

<table>
<thead>
<tr>
<th>Suggestion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower the prices</td>
</tr>
<tr>
<td>More upfront info about fees</td>
</tr>
<tr>
<td>Low prices! Already got that in the bag</td>
</tr>
<tr>
<td>No</td>
</tr>
<tr>
<td>Improve standards and availability.</td>
</tr>
<tr>
<td>no</td>
</tr>
<tr>
<td>Exist where I am</td>
</tr>
<tr>
<td>start an ico</td>
</tr>
<tr>
<td>Since their catch is accessibility and flexible pricing and services, investing in these areas is the key for success.</td>
</tr>
<tr>
<td>Couldn’t say</td>
</tr>
<tr>
<td>Releatable advertising based on demographic statistic review.</td>
</tr>
<tr>
<td>By taking less charges from the customers</td>
</tr>
</tbody>
</table>

source: Ádám Hajas (2018) questionnaire using google forms
8. Interview with Uber driver

1. How did you find the company, through regular job advertisement or through a friend’s advice?

I used to work in a taxi company, however I did not like it. One friend advised me to check Uber since the payments are good.

2. What were the main motivations?

Mostly the higher payment, however it was more reasonable. It was like a different “culture”, the atmosphere was better, customers were more talkative, they were friendlier and overall more open. Also there was a feeling of complicity as Uber was seen as between legal and illegal, so it was exciting.

2. How did you reach your customers, how did Uber work actually?

Through an application we had a 15-20 seconds window to accept or decline a ride, after that most of the time they gave the directions in a navigation application. After the ride he pressed the button: end and the customer got the bill in e-mail.

3. What was your relationship with your peers and the company?

It was not strict and close relationship, everybody worked on his/her own, which according to him was a positive point compared to taxi companies. He also mentioned that there was a rating system on a scale from 1-5. The main goal was to not go under rating of 4.6, if that happens they call the driver in to discuss what is the reasons behind it. Otherwise they did not interact with drivers that much.

4. What were the drawbacks of Uber?

He did not recall many negative points, one story he told me that some customers mistook Uber with regular taxi since he used a yellow painted car to do Uber, so he had to explain where he works.

5. Would you recommend car sharing for others?

Yes, I would. He said after the regulations on Uber, he works again in a taxi company and he experiences the same negative atmosphere like before Uber.
9. Deep interview with a customer

1. Which company did you use?

I used Blablacar, Uber, Airbnb and Oszkár

2. Where did you find about the sharing companies, through ads or friends?

With the exception of Blablacar, I heard about them mostly through friends. I trust word of mouth the most.

3. On which platform did you see the advertisement?

Mostly on social websites like Facebook, also word of mouth from couchsurfing.

4. What were your experiences?

I only used Uber once in Italy, the dynamic pricing was surprising, from 80 euros it went up to 200 euros roughly. My best experiences were from using Oszkár, the online platform was very easy to use, the service was quick and there were no extra/hidden fees. In case of Airbnb, the website was fine, however the filters do not include taxes and extra fees such as cleaning fees, also because many places to recent quality is hard to guarantee.

5. How to make it better?

More emphasis on online platform, for example, on booking.com there are too much information, difficult to find clear information. For Airbnb, I would like to see more ways to ensure the level of quality and cleanliness. Also more incentive programs and set minimal/higher standards for renting a room.
7. References


