Emergence and Acceptance of Sharing Economy in India: Understanding through the Case of Airbnb

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ABSTRACT

India is a developing country, socially and culturally unique, fast adapting to international trends. The paper explores the sharing economy through the case of Airbnb, rooms & apartment renting service online, its emergence in India where it is yet to find a “share of mind”. It focuses on consumer understanding of sharing economy, openness to trial, factors used to evaluate such services over existing services. The qualitative study includes Netnography and in-depth interviews to understand the opinion of people online and the level of awareness and perception about sharing economy and Airbnb. Netnography shows that online reviews play a major role in decision-making prior to trial. In-depth interviews show that first time users, rely more on WOM and consider online reviews post a satisfactory transaction. Locations, safety, comfort, cleanliness value for money are confirmed. The study has implications for marketers of such services at India and is useful to create a win-win situation with the design of consumer driven marketing strategies.

Keywords: Airbnb, In-Depth Interviews, Netnography, Qualitative, Sharing Economy

INTRODUCTION AND RATIONALE TO THE STUDY

In today’s world, brands are spending large amount of money to influence consumers to purchase their products and services, at the other end, people are looking for ways to reduce spending and gain value for money in their purchases. It is becoming a “Do it yourself” world, where ownership is no more a priority but access is. It is a disruption from the normal method of product purchase and consumption, but this disruption promises a lot of potential for innovation and new offerings. Disruption has resulted in the emergence of the sharing economy and technological advancement and the technology platform which the idea is built on has contributed to it. The power and support of social networking, internet and increased mobile penetration has also added to the same. Due to the vast access and wide reach of internet and social media, individuals and companies

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are able to interact not only with their immediate peers but also with groups of strangers who are far away. Through the sharing economy concept, strangers at physical distances are able to share their possessions in exchange of a reasonable price that may be much lower than that of owning the possession. Sharing economy has gained high popularity in the western countries and is an emerging concept at India. Though there are many people who have started using services like Airbnb and Uber in India, there is still very little research done on the subject by taking the Indian consumer into consideration.

Airbnb is an online marketplace to book an accommodation in a house (of the host) listed on the website. The interest and impact of these services is high and hence they are growing at a very fast pace. A service like Airbnb has an impact on the economic aspects as it not only diversifies and strengthens the city’s economic position, but also increases the chance of tourism from the neighbourhood countries (indirectly helping the economy of the country). Local businesses in less explored areas are directly benefitted because the visits to the country and particularly the city increase with increased access to the accommodations which can be rented. The idea of sharing is built on the factor of trust and earning some extra income.

This research project aims to delve into the consumer’s understanding of the sharing economy and Airbnb in particular. Also we will try to understand the perception in the mind of consumer when it comes to sharing on the basis of trust. The consumer for the purpose of this research is urban Indian youth between the age group of 19-35. To understand the orientation better, themes are created around the discussions with the participants. The research is qualitative in nature and is carried in two parts, netnography, where the content related to sharing economy available on various online communities is analysed and in-depth interviews where direct interaction with prospective consumers is conducted based on a discussion guide. An overall analysis of all the above has made it possible to reach important conclusions towards the understanding and awareness of the sharing economy and its relevance for a service brand viz. Airbnb at India.

Certain examples of the sharing economy are given below:

1. In place of renting a room at a hotel, customers can rent a room in an actual home through Airbnb;
2. In place of owning a car to drive to work every day, customer can get a seat in a car going through the same route via Uber;
3. In place of buying new goods from big brands, customers can buy resale goods from ebay.

LITERATURE REVIEW

While sharing resources is not a fundamentally new model of social interaction, the presence of a “sharing economy” is a growing, innovative concept. The sharing economy is an economic model based on sharing assets among groups of people rather than owning them (Shaheen, S. A. et al., 2012). It is described by San Francisco Planning and Urban Research as “fundamentally capitalist yet simultaneously more socially and environmentally conscious,” and it is hailed by many as an opportunity to enhance the sustainability of the current economy while simultaneously yielding various additional co-benefits (e.g., emission reduction, fuel savings).¹ Relatively few empirical papers have yet studied the sharing economy and its interplay with incumbent firms offering similar goods or services. A handful of studies have examined the adoption and effects of car-sharing, for example, two studies have used survey analysis methods to find that car-sharing is associated with significant decreases in miles traveled, gasoline consumption, and car ownership (Cervero et al. 2007, Martin et al. 2010).
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