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How to Create Loyalty in the Sharing Economy?

- A study of emotions, satisfaction and commitment among Airbnb customers

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Executive Summary

The sharing economy is drastically erupting traditional industries all over the world, where services such as Airbnb and Uber no longer belong to only the niche. Over a quarter of US adult internet users - or 56,5 million people - will use a sharing economy service at least once in 2017, according to recent estimates by eMarketer. But how loyal are these users? And how can companies make sure that their services are not only tried once or twice, before people go back to traditional providers? This study aims to identify and explore the drivers of customer loyalty in the sharing economy, and particularly the role of emotions, the three dimensions of commitment and satisfaction. A cross-sectional design has been used through study 566 active Airbnb-customers in the U.S.

The findings from the study show that Calculative commitment, Affective commitment, Satisfaction and Negative emotions are significant direct drivers of Loyalty among Airbnb-customers. No significant direct effects of Sustainable commitment or Positive emotions on Loyalty was found. However, Positive emotions do play a major role in predicting customer loyalty, as it has strong indirect effects through Satisfaction and Affective commitment. The results also show that customers using Airbnb out of pleasure (hedonic user motivation) have significantly higher levels of Positive emotions, Loyalty, and all three types of commitment, compared to customers using Airbnb because it solves a functional need (utilitarians), who have significantly higher levels of Negative emotions. We recommend managers not to underestimate the effect of calculative and rational measures such as price and switching cost in the sharing economy. Calculative commitment, which deals with this particularly, was found to be the strongest of the three commitment drivers on Loyalty. However, the total effect of Positive emotions, as well as the direct effect of Negative emotions, were also found to be significant drivers of loyalty, suggesting that affective measures are equally important when creating customer loyalty in the sharing economy. Of particular interest is the fact that Negative emotions have a direct negative effect on customer loyalty – while Positive emotions do not. Thus, managers should be aware that Negative emotions can be especially detrimental to customer loyalty in the sharing economy. A clear recommendation is then to focus on reducing negative emotions, such as fear, worry and guilt, through for instance campaigns focusing on risk reduction.

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Introduction

1.1 Background

The sharing economy has taken the world by storm, especially the US. eMarketer's latest estimates from June 2017 show that "over a quarter (26.0%) of US adult internet users—or 56.5 million people—will use a sharing economy service at least once in 2017." (Emarketer.com, 2017). According to May 2016 data from AYTM Market Research, more than half (59.8%) of US internet users at least somewhat agrees that the sharing economy is good for consumers (Emarketer.com, 2016). Today, Airbnb is active in 192 countries, and is for the first time making profits (Stone and Zaleski, 2017). Airbnb has been valued at 30 billion dollars, and has reached 100 million users worldwide (Chafkin & Newcomer, 2016). So far this year, Airbnb has already accommodated more than 50 million "guest arrivals" — a term the company uses to measure each trip by each guest, regardless of length (Molla, 2017). This puts Airbnb on track to likely pass 100 million guests arrivals this year, up from about 80 million in 2016 (Molla, 2017)

"As people's access to the internet grows we are seeing the sharing economy boom - I think our obsession with ownership is at a tipping point and the sharing economy is part of the antidote for that."

- **Richard Branson**

Hence, it is no longer only the niche that participates in the sharing economy, but the use seems to have reached the early majority, according to Everett Roger's theory of diffusion innovation (1962). Adoption of sharing services in itself is no longer enough, as businesses like Airbnb and Uber need to work to retain their customers. This shift raises the question about customer loyalty. Now, that Airbnb will pass 100 million guests arrivals, how can they make these existing customers use Airbnb again and become more loyal? It has commonly been assumed that retaining customers is particularly important in the sharing economy, since these existing customers can easily switch back to traditional service providers (i.e., hotels) (Mao and Lyu, 2017; Hiebert, 2016). So, how can manager build customer loyalty in the sharing economy? New ways of consumption through the sharing

economy might have a different impact on customers' loyalty than in traditional industries, due to the nature of many of these services. For instance, Airbnb prompts guests to provide feedback after every stay, and in contrast to traditional services, customers in the sharing economy participate in the service based on peer-to-peer interpersonal relationships (Belk, 2014). In addition, self-service technology on the smartphone, can allow customers compare prices more easily, which might imply more switching behavior and increase the importance of calculative commitment. Today, research on customer loyalty in the sharing economy is scarce (Shuai Yang, Yiping Song, Sixing Chen, & Xin Xia, 2017; Møhlmann, 2015; Mao and Lyu, 2017). This thesis aims to close some of the gaps - by exploring antecedents of customer loyalty in the sharing economy.

The common term "sharing economy" is often referred to as "collaborative consumption" in research (Botsman & Rogers, 2010; Belk, 2014). Throughout this thesis, the terms "sharing economy' and "collaborative consumption" are used interchangeably, and both defined as "the peer-to-peer-based activity of obtaining, giving, or sharing the access to goods and services, coordinated through community-based online services - for a fee or other compensation". Further explanation of this is provided under section 2.1 - where we look deeper into the definition of the sharing economy.

1.2 More or Less Loyalty in the Sharing Economy?

However, there are several indicators revealing an urgent need for exploration of loyalty in the sharing economy. According to an article from Sharetribe.com (2016), Airbnb's repeat purchase ratio is 22%. This means that 22 % of Airbnb's guests arrivals comes from existing customers that have used Airbnb before. A survey done by Goldman Sachs in 2016 (Kokalitcheva, 2016) also indicate that customers in the sharing economy might be loyal. The survey of 200 consumers reveals that 79 percent of people who have never used Airbnb or other peer-to-peer lodging sites before, prefer traditional hotels. However, when they have tried other peer-to-peer lodging sites such as Airbnb - only 40 percent preferred traditional hotels (Kokalitcheva 2016).

There is also evidence speaking against customer loyalty in the sharing economy. In June 2016, YouGov performed a study of how loyal customers in the sharing

economy are - compared to customers in traditional industries (Hiebert, 2016). They found that sharing economy companies are vulnerable when it comes to loyalty, because "customers who have used either Uber, Lyft, or Airbnb within the past 90 days are far more open to risk and adventure than the general public." (Hiebert, 2016). According to the study, sharing economy users also have a stronger predisposition for seeking new challenges and surrounding themselves with a mixture of different people and ideas (Hiebert, 2016). This can explain what attracts them to these sharing services in the first place. The study showed that customers of the sharing economy score lower on several measures of brand loyalty, compared to the general public (Hiebert, 2016). For instance, sharing economy customers are more likely to try new brands than the average person. They are also more willing to switch from their utility provider, and shop at another store if it means saving some time or money (Hiebert, 2016). This study demonstrate that it would be particularly valuable for Airbnb and other sharing economy companies to investigate how they can increase customer loyalty.

1.3 Lacking Research

In academic research, only three studies have, to the authors' knowledge, looked into the drivers of loyalty in collaborative consumption (Shuai Yang et al, 2017; Møhlmann, 2015; Mao and Lyu, 2017). Shuai Yang et al. (2017) explored loyalty in collaborative consumption by looking at relational benefits. They tested the effect of the sharing economy service giving the customer: 1) confidence benefits, 2) special treatment benefits, 3) social benefits and 4) safety benefits, and analyzed the effect it had on both commitment and loyalty. The result showed that 1) confidence benefits and 4) safety benefits had a direct effect on loyalty, whereas 3) social benefits had an indirect effect on loyalty through commitment. Surprisingly, 3) special treatment benefits were found to have insignificant effects on commitment and loyalty in this context of sharing economy services (Shuai Yang et al, 2017).

The other study, by Møhlmann (2015) explored determinants of satisfaction and the likelihood of using a sharing economy option again (from now called repurchase), through quantitative studies of registered users of Airbnb and Car2go. The study found that satisfaction and repurchase to be predominantly explained by determinants serving users' self-benefit. Community and utility had

a significant effect on repurchase in the case of Car2go (Møhlmann, 2015). For Airbnb-users, it was familiarity and utility that had significant effects on repurchase. Surprisingly, the study of Car2go-users did not found that satisfaction had a significant effect on repurchase (Møhlmann, 2015). In the other study of Airbnb customers, Møhlmann (2015) found that satisfaction had the strongest effect on repurchase. The fact that Møhlmann found somewhat different effects between the two contexts and that only one level of independent variables is used, can imply that there are some underlying mechanisms that have not been explored yet.

The third study, by Mao and Luy (2017) bring the perspectives of the sharing economy into the lodging industry by examining the psychological factors that motivate travelers to consider reusing Airbnb. Mao and Lyu (2017) made a theoretical contribution by integrating the Theory of Planned Behavior and Prospect Theory in their model. However, this theory does not explain the important role of commitment in the sharing economy.

The literature has some general limitations. First, two of the journal articles (Møhlmann, 2015; Mao and Lyu, 2017) did not investigate the role of commitment and its effect on Airbnb repurchase intention (loyalty); even though (Shuai Yang et al, 2017) studied the effect of commitment, they only used a one-dimensional construct, which means that there still is a gap in literature to test the mediating role of three dimensions of commitment (affective-, calculative, and sustainable) on loyalty in the context of sharing economy. Second, none of the studies examined the influence of positive and negative emotions on customers repurchase intention to Airbnb, which are believed to play an important role in collaborative consumption, particularly in the travel business (Hosany 2010;2012;2013;2015; Kwortnik and Ross 2007; Prayag, Hosany & Odeh, 2013; Hirschman and Holbrook, 1982; Mannell and Iso-Ahola, 1987) that Airbnb operates in where hedonic expectations are important. Third, only two of the studies (Mao and Lyu, 2017; Shuai Yang et al, 2017) test the effect of satisfaction on loyalty. Fourth, none of the studies test for moderating effects: for example, Airbnb customers' motivation for using the service (e.g. utilitarian vs hedonic). Hence, this gap will be addressed in this thesis as we segment existing Airbnb users as either hedonic or utilitarian and test for these effects.

1.4 Why Customer Loyalty in the Sharing Economy?

As previously mentioned, it has commonly been assumed that retaining customers is particularly important in the sharing economy, since these existing customers can easily switch back to traditional service providers (i.e., hotels) (Mao and Lyu, 2017; Hiebert, 2016). Therefore, we believe that customer loyalty is especially important for companies in the sharing economy. In traditional marketing literature, it is also well-known that increased customer loyalty has a positive "effect" on customer profitability (Helgesen, 2006; Anderson and Mittal 2000; Rust and Zahorik 1993; Paltschik and Storbacka, 1992; Anderson and al. 1994). In fact, a new meta-analysis (Hogreve et al, 2017) shows that customer loyalty has the strongest effect on profitability; even stronger than satisfaction, internal service quality, employee satisfaction, employee retention, employee productivity and external service quality (Hogreve et al, 2017). Furthermore, the relative cost of keeping an existing customer is substantially less than the cost of acquiring a new customer's (Fornell and Wernerfelt, 1987; Reinartz et al., 2005; Blattberg and Deighton, 1996). However, none of these studies have been in the context of sharing economy companies such as Airbnb or Uber. Hence, there is a critical need to find context-specific antecedents of loyalty regarding collaborative consumption companies such as Airbnb.

1.5 Identifying Loyalty Phases in the Sharing Economy

There are different phases of loyalty, as suggested by Oliver (1999), who is considered one of the greatest contributors to the elaboration of the loyalty construct. According to Oliver, the four different phases of loyalty are: 1) cognitive, 2) affective, 3) conative, and 4) action, where each have different drivers (Oliver;1997;1999).

We argue that, since sharing economy services have grown tremendously in the last few years, and that the adoption level is quite high, a large part of the existing sharing economy customers (e.g. Airbnb users) are loyal in terms of the second phase - affective loyalty. In the affective loyalty phase, satisfaction, and especially emotions, are strong drivers of loyalty. Therefore, the role of emotions and its impact on loyalty are of particular interest in the context of the sharing economy. Several sharing services - especially Airbnb, leverage emotions widely in

advertising and PR - through for instance campaigns showing that staying with Airbnb is helping financially challenged people significantly. In November 2016, Airbnb's CMO Jonathan Mildenhann (Monllos 2016) revealed that they were increasing their level of experiential marketing in their overall strategy. Part of this changing strategy was to exploit the potential of emotions. However, despite the emotional nature of many parts of the sharing economy - very little research has been done on the topic. This thesis aims to close this gap - by studying the emotional drivers of customer loyalty - which we know is important in the affective loyalty phase. Even though the loyalty in this second affective phase is stronger than in the first cognitive phase, it is still vulnerable, as increased attractiveness of competitors imposes a threat to the loyalty. (Evanschitzky and Wunderlich, 2006; Oliver, 1997, 1999). Thus, businesses want to push their customers into the conative loyalty phase - where commitment is the major driver (Oliver 1997). In the conative phase, consumers have an intention or commitment to behave towards a goal in a particular manner, being much less vulnerable to deteriorations, such as switching behavior. It becomes evident that to drive customers of the sharing economy into the conative loyalty phase, customer commitment can be seen as the most important driver. Just as there is a lack of research on emotions in the sharing economy, there is also a lack of research on commitment. In an industry characterized by users who appear to be more prone to switching behavior, as discussed previously, it is of great interest to study customer commitment in the sharing economy. Thus, the construct of commitment will be further explored as a mediator and antecedent of loyalty in this thesis.

1.6 Hedonic and Utilitarian User Motivations

Travelling is usually seen as being motivated by hedonic values (Hirschman and Holbrook 1982; Mannell and Iso-Ahola 1987). However, utilitarian motives are also likely to be present, as it does not necessarily mean that all travel and related activities is done for your own pleasure. Sharing economy services - especially Airbnb, market themselves by focusing on pleasure and emotions, rather than more utilitarian factors such as cost-savings. However, most research studying drivers of participation in collaborative consumption, finds that cost-saving is one of the dominant drivers (Quinby and Gasdia, 2014; Balck & Cracau, 2015; Hamari et al, 2015). To the authors knowledge, no research has been done to

investigate whether there are different mechanisms in play depending on if users see sharing economy services as hedonic og utilitarian. This thesis aims to close this gap by investigating whether user motivation moderate the effect of drivers of loyalty in the sharing economy.

1.7 Research Question and Purpose

The purpose of this thesis is threefold. The first aim is to introduce a framework to explain factors that drive consumers to become loyal to a service provider in the sharing economy. The second aim is to assess the relative strengths of these factors in influencing loyalty; which drivers have the strongest effect on loyalty? Third, we want to test if there are significant differences on all variables between the two different segments – customers with hedonic and utilitarian user motivation. Fourth, we want to test if Airbnb customers' user motivations (hedonic vs utilitarian) could influence the strength between the different drivers in our model and loyalty; For example, satisfaction might have a stronger effect on Loyalty for hedonic Airbnb customers, etc. Hence, user motivation is described as a moderating variable in the model.

The following research question will guide our thesis:

"To what extent do customer satisfaction, emotions and commitment predict customer loyalty in the sharing economy and how do utilitarian and hedonic user motivation affect the relationship between customer loyalty and its drivers?"

1.8 Contributions

The major contribution of this thesis, is that we use a representative sample of 566 active Airbnb customers from the US that have used Airbnb at least two times during the last two years. This was possible as we designed the survey with an advanced screening procedure to only get repeat sharing economy customers who had been customers of Airbnb for some time and thus would have had the opportunity to develop commitment to Airbnb being in the 2) affective-, 3) conative- or 4) action loyalty stage. The respondents who had never used Airbnb or used it less than two times in the last two years, were screened out (read section *4.2* for a more detailed description). This screening process strengthen the validity of our results and made it possible to examine context-specific antecedents or

drivers of loyalty in regard collaborative consumption such as Airbnb. Hence, the findings from this research will enable managers working in collaborative consumption companies to gain insights into how to retain existing sharing economy customers and make them more loyal. From a managerial perspective, this could help sharing economy businesses to pave the way for targeted marketing activities (Sheth et al., 2011) directed to existing customers, rather than focusing solely on adoption. Furthermore, we will offer guidelines to manage user relationships with customers in the sharing economy to increase retention and loyalty. Another purpose of this thesis is to provide a framework for researchers who want to do more research on loyalty in collaborative consumption. Furthermore, we adapt the examination of customer commitment to three types of customers' commitment tailored to the sharing economy looking at: affective- , calculative- , and sustainable commitment (not normative), which are presumed to have differential impacts on customer loyalty to the firm. The introduction of sustainable commitment instead of normative commitment in the three-component model represents a theoretical development and contribution regarding the new context of sharing economy with existing and active Airbnb customers.

1.9 Structure

In the following sections of this paper, we will start by reviewing existing literature on the topic of collaborative consumption, and other relevant areas such as customer loyalty, satisfaction, emotions and commitment. Hypotheses will be derived from this review – and will be summarized in a conceptual framework. Following, we will establish the methodology we will use to test our hypotheses. Finally, the results and a discussion will be presented, including limitations of the study, and directions for future research.

2. Literature Review

2.1 Understanding the Sharing Economy

The "sharing economy" goes by many names. A few of them are "collaborative consumption" (Botsman & Rogers, 2010), "access-based consumption" (Bardhi & Eckhardt, 2012) and "product-service systems" (Mont, 2002). "Collaborative consumptions" is a term frequently used in in research of modern sharing

economy services such as Airbnb, Uber and Lyft, but to date there is no clear consensus about the term. In her book ”What’s mine is yours - The Rise of Collaborative Consumption” (2010), Rachel Botsman and her co-writer Roo Rogers write that the area of the sharing economy is becoming blurry, with new definitions emerging frequently, bent out of shape to suit different purposes. Botsman sees ”collaborative economy” as an overall term, defined as *”an economy built on distributed networks of connected individual and communities versus centralized institutions, transforming how we produce, consume, finance and learn”* (Botsman 2013). The term ”collaborative consumption” is used by Botsman to refer to a subcategory of collaborative economy which she defines as an *”economic model based on sharing, gifting, swapping, trading or renting products and services, enabling access over ownership”*. However, one can argue that this kind of sharing has roots as old as mankind. Botsman´s definition is inadequate in our context since sharing economy services like Airbnb and Uber are coordinated through community-based online services. A further definition of “collaborative consumption” is therefore given by Hamari et al (2015) who defines collaborative consumption as “*the peer-to-peer-based activity of obtaining, giving, or sharing the access to goods and services, coordinated through community-based online services*”. This definition is useful because it highlights that collaborative consumption is coordinated through *community-based online services*, which is more precise in this thesis since we study existing Airbnb customers who belong to Airbnb’s online community.

If we take a closer look at the definitions from Hamari et al (2015) and Botsman (2013), we see that neither of them specifies what is given in return for such activities. To clarify, Russell Belk (2014) defines collaborative consumption as “*people coordinating the acquisition and distribution of a resource for a fee or other compensations.”* This definition considers that you get something back in form of a fee or compensation (e.g. if you rent an Airbnb apartment you must pay a fee). Belk (2014) also states that collaborative consumption occupies a middle group between sharing and marketplace exchange, with elements of both. Belk’s definition can be viewed as more specific than the two previous ones, in the way that it rules out several traditional marketplace exchange activities, such as gifting and renting. For instance, Botsman’s (2010) definition opens for traditional sharing and lending, leading to an unspecified definition of collaborative

consumption. In a conceptual journal article about sharing and collaborative consumption, Belk (2014) mention an example where two people do not want an entire pitcher of beer. But at the same time, they do not want to pay the high price for each glass. Therefore, they can convince a couple at another table to split a pitcher, each paying half of the price. This deal involves collaborative consumption in the way that they have jointly arranged both the acquisition and distribution of the product - coordinated. On the other hand, Belk's definition can be criticized in a way that one can say it is too general as it also can apply to traditional marketplace activities.

Based on the previous review of definitions, we choose to use both "collaborative consumption" and "sharing economy" interchangeably as terms reflecting a type of behavior performed in the sharing economy market. Thus, both terms will be used alternately. We therefore define "collaborative consumption" and "sharing economy" as "*the peer-to-peer-based activity of obtaining, giving, or sharing the access to goods and services, coordinated through community-based online services - for a fee or other compensation*". This is mainly based on Hamari et al's (2015) definition since our context with Airbnb customers is coordinated through *community-based online services*. In addition, we have included Belk's (2014) clarification that the activity is done for *a fee or other compensation*, which also makes our definition relate more to the context of Airbnb customers. As an implication of this definition provided by us, this study focuses on peer-to-peer accommodation rentals (such as Airbnb) and excludes free peer-to-peer accommodation (such as Couchsurfing) and other forms of nonreciprocal, uncompensated social sharing practices.

2.2 Why People Participate in the Sharing Economy

A review of existing literature reveals that collaborative consumption has been far from extensively explored. The research that has been done, have mainly explored motivational factors that predict participation (Hamari et al, 2015; Ballus-Arnet et al, 2014; Quinby and Gasdia, 2014; Tussyadiah, 2015). A good example of this is Tussyadiah (2015). The main weakness of Tussyadiah´s (2015) study is the failure to address loyalty or participation in the sharing economy for existing sharing economy customers. One major drawback of Tussyadiah´s (2015) approach is the

sample, which does not include enough sharing economy customers. Out of 799 respondents, only 754 of the respondents stated that they have taken at least an overnight trip for leisure and tourism purposes within the last six months (Tussyadiah, 2015). Among these, the majority (599 travelers, 80%) had not used peer-to-peer rentals; only 155 travelers (20%) indicated that they had used peer-to- peer rentals before (Tussyadiah, 2015). Furthermore, most research is conceptual and qualitative, lacking empirical evidence of relationships between participation and motivations. However, there are a few notable exceptions. Hamari et al (2015) found that economic benefits and enjoyment were significant antecedents of intention to participate in collaborative consumption among registered users of the sharing service Sharetribe. Ballus-Arnet et al. (2014) found that convenience and availability, monetary savings, and expanded mobility options were important motivators for participation in car-sharing services. Quinby and Gasdia (2014), found that better value for money was stated as one of the main reasons for travelers to use peer-to-peer accommodation along with more space. In line with this, Balck and Cracau (2015) found that cost reduction was stated as the main reason for customers to choose peer-to-peer accommodation (like AirBnb or Couchsurfing) instead of hotels.

Some studies have also considered the role of sustainability in the sharing economy. Møhlmann (2015) found no effect of environmental impact on satisfaction or likelihood of choosing a sharing option again. Tussyadiah (2015), however, found that sustainability (i.e., to travel more responsibly and to reduce negative impacts on the environment) and community (i.e., to develop meaningful social connections) were significant drivers of participation in collaborative consumption in travel. On the other hand, Hamari (2015) found that perceived sustainability of the sharing service Sharetribe predicted attitude towards collaborative consumption but did not have a direct effect on behavioral intentions. In fact, perceived *sustainability* had a small total effect on the dependent variable behavioral intention through the independent variable *attitude.* In a market report on collaborative economy, Owyang (2013) demonstrated that sustainability was one of the societal drivers of collaborative consumption.

2.3 Research on Loyalty in the Sharing Economy

As previously mentioned, the use of sharing economy has reached the early majority (Roger's, 1962); many of the businesses in the sharing economy are well established in the market, and has ensured a large user base. This shift from niche to mainstream should turn managers' eyes from adoption to loyalty. Adoption of sharing services in itself is no longer enough, as businesses need to work to retain their customers. In general, loyalty is utterly important for hospitality businesses. Only three research papers, to our knowledge, have in particular explored loyalty in the field of collaborative consumption (Møhlmann, 2015; Shuai Yang, Yiping Song, Sixing Chen, & Xin Xia, 2017; Mao and Lyu, 2017). Møhlmann (2015) explores determinants of satisfaction and the *likelihood of using a sharing economy option again* (we call it *repurchase* from now), among registered users of Airbnb and Car2go. According to Møhlmann (2015), both satisfaction and repurchase are mainly explained by the determinants that *serve users' self-benefit*: In both studies (Airbnb and Car2go) the following determinants that serve users' self-benefit were found to be essential for satisfaction and repurchase: *utility, cost savings and familiarity* (Møhmann's, 2015). Interestingly, service quality and community belonging only had significant effects on satisfaction and repurchase in the context of the B2C car sharing service car2go (Møhlmann, 2015).

Surprisingly, this means that service quality and community belonging did not have a significant effect on loyalty for the Airbnb customers. These differences might suggest that there are other underlying mechanisms that could explain these relationships, which have not been studied. Moreover, Møhlmann's (2015) results also showed that four proposed determinants had no effect on *satisfaction* or *repurchase*: Environmental impact, smartphone capability, internet capability and trend affinity. Møhlmann (2015) also studied whether cost savings have a positive effect on both *satisfaction* and *repurchase*. In accordance with other studies, cost savings had a positive effect on satisfaction. However, in contrast to other studies, cost savings did not have a significant positive effect on *repurchase* (Møhlmann, 2015). This is surprising and needs to be investigated further. A flaw with Møhlmann's study is that participants were only asked about future purchase intentions and preferences. Møhlmann (2015) therefore omits other widely used multi-item measures of loyalty such as word of mouth and referrals, which we know are central in the measurement of loyalty (Søderlund, 2006).

Shuai Yang et al (2017), on the other hand, applied a broader measurement of loyalty, using multi-asset scales as suggested by Zeithaml et al. (1996). They ask respondents about recommendations, future purchase intention and word of mouth, as well as whether they view the service provider their first choice to buy similar services next time. They explore loyalty in collaborative consumption using the theory of relational benefits, one of the most promising conceptual approaches in relationship marketing (Hennig-Thurau et al., 2002). Their study is the first to provide a framework that incorporates relationship marketing in the setting of sharing economy services. This is important, because in contrast to traditional services, customers in the sharing economy participate in the service based on peer-to-peer interpersonal relationships (Belk, 2014); when you stay at Airbnb you buy the service from Atle in Bergen, not for instance from Choice Hotels. Considering this unconventional situation, you as a customer can feel more anxiety regarding the quality of services (Belk, 2014). For this reason, higher levels of confidence in the interaction between customers and the collaborative consumption service (Airbnb or Atle) will reduce the customers´ anxiety concerning the services and lead to more confidence in the service provider's (Airbnb) ability to deliver services (Shuai Yang et al, 2017).

Shuai Yang et al (2017) defines this relational anxiety as the term *commitment*. They argue that in: "*peer-to-peer relationships, customers may be attracted by and enjoy personal interactions with peer service providers, which leads to commitment, i.e. a wish to maintain the relationship, which, in turn, leads to loyalty (conceptualized as word-of-mouth behavior and re-purchases).* (Shuai Yang et al, 2017, p. 8)*"* Based on this the authors argue that commitment should play a *"non-negligible role in the relationship between relational benefits and customers' loyalty in sharing-economy services.* (Shuai Yang et al, 2017 p. 8)*"* Hence, Shuai Yang et al (2017) tested the mediating role of *commitment* in the sharing economy services on the relationships between the 4 different relational benefits and customer loyalty. Yang et al (2016) examine if: 1) Confidence benefits, 2) Special treatment benefits, 3) Social benefits and 4) Safety benefits influence loyalty.

They find that confidence and social benefits have significant and positive effects on commitment in sharing economy services (Shuai Yang et al 2017). Furthermore, they find that safety benefits also have a significant impact on commitment, which represent a new type of relational benefit discovered in sharing economy services. Lastly, they find that commitment is the mediating mechanism leading to loyalty (Shuai Yang et al, 2017). In more detail, the study found that commitment fully mediates the relationships between social benefits and customer loyalty. Furthermore, commitment partially mediates the effects of confidence benefits and safety benefits on customer loyalty.

The third and most recent journal article about loyalty in the sharing economy are from (Mao and Lyu, 2017). By using an integrated model that synthesizes the Theory of Planned Behavior, Prospect Theory, and other Airbnb-relevant constructs as the primary determinants of the Airbnb repurchase intention, Mao and Lyu (2017) contribute to a deeper understanding of the role of psychological factors in forming repurchase decisions among travelers in the sharing economy. The data were collected from Amazon MTurk US consumer panel members who had used Airbnb at least once within the previous 12 months (Mao and Lyu, 2017). Out of the three major constructs from the Theory of Planned Behavior, *attitude* was found to have the biggest impact on repurchase intention, followed by *subjective norms*, whereas the effect of *perceived behavioral control* on the customer intention to repurchase Airbnb was insignificant (Mao and Lyu, 2017) .

The results also showed that *unique experience expectation*, *eWOM*, *familiarity*, and *perceived value*, all had a positive influence on the customer intention to repurchase Airbnb. eWOM had a significant influence on repurchase intention both directly and indirectly via subjective norms (Mao and Lyu, 2017). On the other hand, had perceived risk had a significant negative influence on the customer intention to repurchase Airbnb. According to Mao and Lyu (2017): *"The mediating role of attitude on the relationships between unique experience expectation, perceived value, perceived risk and intention to repurchase, the mediating role of subjective norms on the relationship between eWOM and intention to repurchase, and the mediating role of perceived behavior control on the relationship between familiarity and intention to repurchase"* were also tested

in their model. However, the study did not test the mediating role of commitment in the sharing economy, which highlight this research gap.

After reviewing previous research on loyalty in collaborative consumption, it becomes evident that there is a substantial need further research that investigate to what extent customer satisfaction, emotions and commitment predict customer loyalty in the sharing economy. This thesis aims to close these gaps.

2.4 How Strong is the Loyalty in the Sharing Economy?

Oliver (1999) is considered one of the absolute greatest contributors to the elaboration of the loyalty construct, and has designed a detailed processual framework that presents four different phases of loyalty (Oliver, 1999): cognitive, affective, conative, and action. When studying drivers of loyalty, one must consider where in the four-stage loyalty process the customer is at, as there are different drivers relevant for each stage (Oliver, 1997, 1999). A brief outline of these different stages will be made, to establish where loyalty in the sharing economy lies and to be able to identify drivers of loyalty. The fourth phase, however, will not be reviewed in this thesis, as it is a behavioral phase, which is not measured in this thesis. In Oliver's view, the four stages emerge consecutively, rather than simultaneously (Evanschitzky and Wunderlich, 2006; Oliver, 1997, 1999). A customer's level of loyalty increases through the cognitive, affective, conative and behavioral/action stages in sequence.

Cognitive loyalty is the first phase, where loyalty originates from previous knowledge or recent information based on experiences (Oliver 1997, 1999). The loyalty in this stage is developed based on comparisons between their preferred product and alternatives, based on earlier and/or knowledge related to the product, its attributes, and its performance or current experience-based information (Evanschitzky and Wunderlich, 2006; Oliver, 1997, 1999). In this phase, the brand attribute information available to the consumer indicates that the brand is preferable to its alternatives. Loyalty is based only on brand belief, especially regarding attributes such as price and features. Cognitive loyalty is very shallow and thus vulnerable to deteriorations, as it is easily threatened by actual or imagined better competitive price or features through for instance advertising og personal experience. Consumers in this phase are often variety seeking. If the

consumption of the brand is routine and has not generated satisfaction, the depth of the loyalty is no deeper than mere performance (Oliver 1999). As mentioned previously - research has found that a range of typical cognitive measures - such as cost savings, convenience and availability are drivers of participatio in the sharing economy. Thus, it is likely that manye users of services, such as Airbnb are cognitively loyal.

The next phase, affective loyalty involves a deeper sense of loyalty compared to the previous phase. If the consumption leads to satisfaction being established, it becomes part of the consumer's experience, beginning to take on affective overtones. This is what differentiates a consumer being cognitively loyal and a consumer being affectively loyal. In the latter case, the consumer has developed a liking or attitude towards the brand, based on several satisfying usage occasions. Affective loyalty includes the dimension of pleasurable fulfillment from and favorable attitude toward a product, service of brand and their overall evaluation of it (Oliver, 1977, 1999). This phase involves satisfaction and emotions, which have proven to be utterly important in forming attitudinal loyalty (Bandyopadhyay and Martell, 2007; Oliver, 1997, 1999). Just as in the previous phase, affective loyalty is prone to deteriorations, mainly caused by enhancement of attractiveness of competitive offerings/brands (Oliver, 1997, 1999). Therefore, providers of goods or services want to push customers to the next stage. However, affect is not as easily dislodged as cognition. Several sharing economy services - especially Airbnb, leverage emotions widely in advertising and PR - through for instance campaigns showing that staying with Airbnb is helping financially challenged people significantly. However, no research has studied emotions in the sharing economy, which this thesis aims to do.

The third stage, conative loyalty, involves a strong specific product/brand commitment and intention to repurchase again. This can be seen from Oliver's definition of conation (1997): "an intention or commitment to behave toward a goal in a particular manner" (p. 393). In this phase, the customer has a deeper level of loyalty than in the previous two stages. *Customer commitment* can be defined as a psychological link between the customer and the firm that makes it less likely that the customer will leave the firm. As previously mentioned, we argue that a large part of the users in the sharing economy are loyal in terms of affective loyalty - where emotions and satisfaction play large roles as drivers of

loyalty (Oliver 1997). However, as loyalty in the affective phase can still be subject to various deteriorations, businesses will benefit from pushing customers into the conative loyalty phase (Oliver 1997). We argue that Airbnb would benefit from striving to create conative loyalty among its customers, as this type of loyalty is much less prone for deteriorations. Because customer commitment is the driver of loyalty in the conative phase - this thesis will elaborate on the construct of commitment as a loyalty driver in the sharing economy.

2.5 Commitment as a Loyalty Driver

Many research papers have identified commitment as a strong determinant of customer loyalty outcomes, such as referrals, willingness to pay more, and retention (Brown et al. 2005; Fulerton 2003; Hennig-Thurau, Gwinner, and Gremler 2002; Palmatier et al. 2006; Venetis and Ghauri 2004). Customer commitment in the field of marketing, and as a driver of customer loyalty became popular since the pioneering work of Morgan and Hunt (1994) appeared in the Journal of Marketing. Still, a lot of research in marketing have only used a one-dimensional conceptualization of commitment, most commonly operationalized as affective commitment (e.g., Garbarino and Johnson 1999; Lacey, Suh, and Morgan 2007; Morgan and Hunt 1994; Hennig-Thurau et al. 2002; Pritchard et al. 1999; Sharma and Patterson 2000; White and Schneider 2000). This is also a drawback for both Shuai Yang et al (2017) and Luarn et al's studies (2003).

In the context of the sharing economy, no research has been done on commitment, other than the previously reviewed study by Shuai Yang et al (2017). They found that commitment fully mediates the relationship between social benefits and loyalty, and partially mediates the effects of confidence benefits and safety benefits on customer loyalty. This can indicate that commitment can help explain the construct of customer loyalty, in a way that it can both be a direct driver - but also a mediator of relationship.

However, much research has been done on commitment in related industries. Luarn (2003) made an empirical validation of a customer loyalty model in two e-services: online travelling services and video on demand. The study found that the effect of commitment, or "attitudinal commitment" on loyalty was stronger than the effect of customer satisfaction, trust and perceived value. However, these

results are somewhat contradictory to the results from the meta-analysis by Tanford (2016) which showed that satisfaction is the largest driver of loyalty, followed by affective (referred to as *"emotional"*) commitment. Nevertheless, Luarn's (2003) findings confirms that commitment plays a crucial role in the context of e-service, and hence we believe that commitment also plays an important role for customers in the sharing economy. Thus, the effects of commitment, but also satisfaction, should be investigated further, as the effects seem to vary. Maybe the role of emotions and affective commitment are stronger in collaborative consumption services such as Airbnb? This will be investigated further in our thesis.

The three-dimensional model of customer commitment will now be explored, enabling us to better understand the complexity of commitment in the sharing economy.

2.6 Three Dimensions of Customer Commitment

One of the most substantial developments in the organizational behavior literature on commitment has been the recognition that it can take different forms (Allen and Meyer 1990). In 1990, Allen and Meyer, based on research from organizational behavior, established a three-component model to measure organizational commitment in research and practice. The model consists of 1) Affective commitment, 2) calculative commitment (also referred to as "continuance" by Allen & Meyer, (1996)) and 3) normative commitment. These distinct forms of commitment can also be labelled as "emotional", "rational" or "moral" (Jones et al, 2010). Since 1990, a large volume of published studies has described the three-component model of commitment including affective-, calculative-, and normative commitment. Nevertheless, most of these studies are from organizational literature, not marketing or from the context of collaborative consumption. Far too little attention has been paid to the effect of the three distinct components of commitment, in particularly normative or sustainable commitment, in marketing.

To our knowledge, no study has explicitly tested the three-component model of commitment in the context of the sharing economy. We argue that there is a gap in the current research in explaining and articulating the customer commitment

construct in the context of collaborative consumption, but also in marketing in general. Testing how commitment affects customer loyalty in a new context like Airbnb can help managers to see which of the three forms of commitment that has the highest impact on loyalty. It is necessary to establish a clear difference between affective-, calculative-, and sustainable commitment to quantify each driver's separate and joint effect on Loyalty. In the end of the literature review, the drivers will be operationalized and positioned in a conceptual model together with the user motivation variable that might influence the relationship between the drivers and Loyalty.

2.6.1 Affective commitment in the sharing economy

As previously mentioned, emotions are being leveraged in the marketing of many sharing economy services, especially Airbnb, and travel is most often related to pleasure and positive feelings. In November 2016, Airbnb's CMO Jonathan Mildenhann (Monllos 1016) revealed that they were increasing their level of experiential marketing in their overall strategy. Part of this changing strategy was to exploit the potential of emotions. However, leveraging emotions is not something new for Airbnb. For many years, the company has used emotions to sway potential customers. For instance, in 2014, Airbnb created a campaign in New York City that used storytelling to create an emotional connection. In the story, Carol, who uses Airbnb to afford staying in her house and going back to school, is portrayed (Instapage 2017). Thus, it seems like emotions play a significant role in the sharing economy. The first component in the three-component model, affective commitment (often referred to as emotional commitment) refers to the affective part that signify a willingness to devote an effort and the acceptance of Airbnb's values. Affective commitment can be defined as "*an enduring desire to maintain a valued relationship*" (Moorman et al., 1992, p. 316). As previously mentioned, no research has looked into the three different types of commitment in the sharing economy.

In a meta-analysis by Tanford (2016), the importance of several different factors driving loyalty were investigated. Among 102 studies, affective commitment had the second strongest effect on loyalty (Tanford, 2016). Mattila (2006) found that affective commitment has positive effects on customer loyalty. The researchers also studied frequent guest programs, and found that the source of loyalty is an

emotional bond that cannot be bought by points or free stays (Mattila, 2006). Parsa & Cobanoglu (2011) studied Generation Y's commitment to online travel vendors, and found that affective commitment was most effective for developing and maintaining long-term relationships with Generation Y, compared to calculative commitment. Richard and Zhang (2012) studied customers of travel agencies in New Zealand, and found that affective commitment plays a focal role in predicting customer loyalty. The study also found that satisfaction had a much smaller effect, and that affective commitment plays a strong mediating role between satisfaction and customer loyalty. The variation in customer loyalty was explained more by affective commitment than by customer satisfaction.

More research has been done on affective commitment in other contexts than the travel industry. In Fullerton (2005a), affective commitment made a positive impact on advocacy intentions in all the following three service settings: financial services, retail-grocery services and telecommunications services. Johnson et al. (2001) found positive effects of affective commitment on customer-related outcomes, such as retention and referrals in different research settings, such as banks, service stations, airlines, and train transportation. Hansen, Sandvik and Selnes (2003) analyzed customers from retail banking. The results showed that affective commitment to a firm has a strong positive effect on loyalty, and according to the authors it *"accounts for most of the 40% explained variance of intention to stay"* (Hansen et al., 2003, p. 362). Wetzels et al's (1998) empirical study of a major Dutch office equipment manufacturer and its industrial customers, found that affective commitment had a significant positive effect on loyalty; more affectively committed customers intended to stay longer in the relationship with the supplier.

Using a longitudinal study of cellular phone customers, Johnson, Herrmann and Huber (2006) demonstrate that affective commitment has a direct, positive effect on loyalty intentions that increases as a market grow, which can relate to sharing economy. As customer's experience with Airbnb and other companies in the sharing economy grows over time, attitudes towards the brand and relationship might become stronger and more "top of mind", persistent to change and therefore affective commitment might play an increasing role as Airbnb is growing. The previous review of research, leads us to hypothesize that affective commitment is

a strong driver of customer loyalty in the sharing economy, especially due to the emotional nature of travel and the way the services market themselves. We also assume that sharing in itself is likely to evoke positive feelings, leading to the following hypothesis:

H1A: *Affective commitment has a positive effect on customer loyalty in the sharing economy*

2.6.2 Calculative commitment in the sharing economy

Cost-based motivation has been found in several studies to be the driver of participation in the sharing economy, as discussed earlier. Services like Airbnb and Uber are normally far less costly than hotels and taxi's, resulting in competitive advantage for such services. For such reasons, it is interesting to see if calculative motivation also drives customer loyalty in the sharing economy. Calculative commitment is the second component in the three-dimensional model of commitment. This type of commitment is defined by Gustafsson et al (2005) as the *"colder, or more rational, economic-based dependence on product benefits due to a lack of choice or switching costs"* In other words, calculative commitment is "*based on the need to continue the relationship as a result of recognizing the cost associated with its termination"* (Singh and Olsen, 2009). The logic is that customers also need rational, economic reasons or motivation to continue a relationship. Affective commitment is important, but often not sufficient.

Evidence from the relationship marketing literature has demonstrated that calculative commitment has a negative impact on customer switching intentions (Fullerton 2003; Fullerton 2005; Bansal et al. 2004), which is an important dimension of customer loyalty. In line with most other studies, Singh and Olsen's study in the banking industry (2009) also found that calculative commitment has a positive and significant effect on loyalty. Gustafsson et al (2005) found that calculative commitment has a positive effect on retention in the telecommunication sector.

However, even though most studies show that calculative commitment has a positive effect on loyalty (Gustaffson et al 2003; Singh and Olsen 2009; Fullerton

2003; Fullerton 2005; Bansal et al. 2004), there are some conflicting findings in previous research. Hansen, Sandvik and Selnes (2003) analyzed customers from retail banking. The most surprising aspect from this study is the results for the direct effect of calculative commitment to the service firm on the loyalty measure of intention to stay. In contrast to the studies mentioned in the previous section, calculative commitment to the service firm did not have a significant positive effect on the intention to stay (Hansen et al, 2003).

Two other studies, from the travel industry - indicates the same thing - namely that calculative commitment does not drive customer loyalty. Parsa & Cobanoglu (2011) studied Generation Y travelers' commitment to online social network websites, and found that while affective commitment explains a large part of customer loyalty, calculative commitment does not. The authors explain this with the fact that calculative commitment is positively associated with both opportunistic behaviors and search for alternatives (Kumar et al. 1994). Parsa & Cobanoglu (2011) found that customers with high levels of calculative commitment are less willing to voice positive word of mouth. Because such commitment arises from cost-based calculations, it is likely that the individual stays with the company because he or she merely has no choice, but does not want to talk positively about it to others, which is an important part of customer loyalty.

To sum up, there is a complete lack of understanding of whether calculative commitment drives loyalty in the sharing economy, or if it just drives adoption, as previous studies have found (Hamari et al, 2015; Ballus-Arnet et al, 2014; Quinby and Gasdia, 2014; Tussyadiah, 2015). A further argument for why calculative commitment should be studied in the sharing economy, is that the industry is likely to include significant switching barriers, as can be seen in the study by YouGov (Hiebert 2016), showing that users of the sharing economy are more variety seeking and willing to switch service providers than others. We expect that calculative commitment has the following effect on loyalty:

> ***H1B:*** *Calculative commitment has a positive effect on customer loyalty* in the sharing economy

2.6.3 Sustainable commitment in the sharing economy

As mentioned previously, there is much focus on sustainability and the environment in the sharing economy, and businesses are leveraging this in their marketing. There has been a great deal of attention in the media that using Airbnb promotes a more efficient use of existing resources and is an environmentally sustainable way to travel. A July 2014 study conducted by Cleantech Group (CTG) for Airbnb claimed North American guests use up to 63% less energy and European guests use up to 78% less energy than the average hotel guests (Airbnb, 2014). The people who are familiar with the sharing economy appears to mostly agree with this. According to the PWC report (2014) 76% of the US population who have some familiarity with the sharing economy agree that it's better for the environment, and 79% agree that it builds a stronger community. According to Hamari et al. (2013), ecological sustainable consumption is a key determinant of the intention to share. Studies have shown that users of car sharing reduced their emissions by up to 50 percent per person (Botsman and Rogers 2010).

This leads us to the third dimension of commitment in the three-dimensional model - namely normative commitment, which refers to commitment based on a sense of obligation to the company. In other words, customers with strong normative commitment remain because they feel they ought to do so. In organizational studies, normative commitment has been widely researched in the study of work attitudes and behavior. According to Lariviere et al (2015) and Kelly (2004), normative commitment pertains to feeling as though you "should" maintain the relationship. According to (Al-abdi, 2010., p.50): *"Normative commitment represents a force that binds customers to the company from a sense of moral obligation".* Normative commitment therefore refers to the customer's "moral" attachment to for example Airbnb.

Because sustainability can be related to feeling obliged to perform certain actions, it is likely that sustainable commitment might play a role in forming customer loyalty in the sharing economy. More specifically, customers might feel that it is morally correct to use Airbnb instead of hotels, for instance. Gansky (2010) points out that the increasing awareness of environmental pressure induces people to use resources more efficiently. However, normative commitment has not been studied in the context of the sharing economy. Nor has it been much researched in

marketing literature, where calculative and affective commitment dominate. Only a few marketing studies have explicitly investigated normative commitment. By using data from a survey of 356 auto repair customers, Bansal et al (2004) addressed the role of normative-, affective and calculative commitment on customers' intentions to switch service provider. In this study, the researchers viewed normative commitment as when a customer feel they ought to stay in a relationship with a service provider. Among the three dimensions of commitment, the primary driver of switching intentions was normative commitment. The results from the study also showed that normative commitment was strongly influenced by affective commitment. This might explain why normative commitment was the strongest driver, because affect can lead to a sense of obligation to stay. However, the study only used a single item scale for customer loyalty - switching intentions. Thus, there is a need for studies looking into a multi-item scale of loyalty, as well as other contexts.

As mentioned, no studies have been done on sustainable commitment in the sharing economy. However, Møhlmann (2015) found that environmental impact had no effect on satisfaction or the likelihood of using the sharing services Airbnb og Car2Go again. The study did not explore environmental impact in terms of commitment. However, because sustainability is often related to a sense of obligation to perform certain environmentally friendly actions, we believe sustainability can be viewed as a type of normative commitment. Thus, we will explore this type of commitment under the name of sustainable commitment.

To sum up, previous research on sustainability in collaborative consumption show conflicting results, highlighting the need for further research to investigate the sustainable commitment-loyalty link in collaborative consumption. In a changing world with increased attention towards sustainability, we believe sustainable commitment is becoming increasingly important when explaining consumer behavior. Hence, the following hypotheses is proposed:

> ***H1C:*** *Sustainable commitment has a positive effect on loyalty in the sharing economy.*

2.7 Satisfaction as a Loyalty Driver in the Sharing Economy

Oliver (1996) defined customer satisfaction as "*the consumer's fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under or over fulfillment"* (Oliver, 1996, p.13). The common view of satisfaction, however, has been that it arises when actual performance is greater than or equal to expected performance, and dissatisfaction occurs otherwise (e.g., Oliver 1996; Yi 1990).

Satisfaction has been found to be one of the most significant determinants of loyalty, with long term consequences often linked to the profitability of the firm (Oliver, 1996; Fornell 1992). In a meta-analysis by Tanford (2016), the importance of different factors driving loyalty were investigated. Among 102 studies, satisfaction had the strongest effect on loyalty.

Only one study has, to the authors' knowledge, looked into the role of satisfaction in collaborative consumption. Møhlmann (2015) found a largely significant effect of satisfaction on the likelihood of choosing a sharing option again. However, this was only found in the setting of Airbnb, and not the car sharing service Car2Go. This can imply that there are context specific conditions that differ between services, or that there are other variables not included in the study that could explain a relationship.

H2: *Satisfaction has a positive effect on loyalty in the sharing economy*

2.8 Emotions in the Sharing Economy

Even though loyalty is largely driven by satisfaction, the relationship can be asymmetric, meaning that satisfaction does not necessarily translate directly into loyalty (Oliver 1999). This opens for alternative explanations of the effect of satisfaction on loyalty. Because focusing only on the cognitive component of satisfaction neglects the important element of emotions, the emotional element will now be pursued. As discussed under section 2.6.1 regarding affective commitment, we hypothesize that emotions play a major role in the sharing

economy, due to the emotional nature of travelling, but also because of the focus on emotions in the marketing of such services.

"Sharing economy companies like Airbnb, may appear to be technology firms, but they're primarily in the business of connecting people to each other. And the best ones enable human connections that are emotionally fulfilling."

- ***Denise Lee John - FORBES***

Even though the role of emotions is presumably strong, literature on emotions in collaborative consumption is scarce. Some studies, however, suggest that seeking a unique experience is a major driver for travelers to use Airbnb (Guttentag, 2015; Tussyadiah and Pesonen, 2016; Yannopoulou et al., 2013). A recently published study stress that unique experience expectation has a strong significant effect on *repurchase intention* (from now on referred to as *loyalty*) for Airbnb customers (Mao and Lyu, 2017). Of the five antecedents in the study, unique experience expectation had the highest total effect on *loyalty* (Mao and Lyu, 2017). These results show the strong influence of emotions (e.g. unique experience expectation) in travelers' Airbnb repurchase intention. Hence, there is a critical need to investigate the role of emotions in the context of collaborative consumption with companies such as Airbnb.

Emotions in the travel industry

In the general travel industry, however, emotions have played a large role. Emotions are very important in tourism (Aho, 2001), and they play a major role in defining experiences (Brent Ritchie & Wing Sun Tung, 2011). Research shows that people's emotions are major determinants affecting satisfaction (e.g., Yuksel and Yuksel 2007). Emotions are also shown to influence decisions to purchase tourism and leisure services (e.g., Chuang 2007), which is similar to the context of traveling with Airbnb. A vast array of research has been done on emotions in the travel industry (e.g. Hosany 2010;2012;2013;2015; Johnson, Lervik Olsen & Wallin Andreassen, 2009; Ladhari 2009; Mattila 2002; Barsky & Nash 2002). Hosany (2010) measured tourists' emotional experiences toward hedonic holiday destinations and established a scale to measure tourists' emotional responses to destinations. Hosany (2012) studied determinants of emotions in the tourism industry, and found that appraisals of pleasantness, goal congruence, and internal

self-compatibility are the main determinants of joy, love, and positive surprise, the three types of emotions established in Hosany's (2010) emotion measurement scale. Two studies by Hosany & Prayag (2013) and Prayag, Hosany & Odeh (2013) uncovered five distinct emotional response patterns among tourists: delighted, unemotionals, negatives, mixed, and passionate. These five groups differ by their satisfaction level and propensity to recommend destinations. Johnson, Lervik-Olsen and Andreassen (2009) examined how the role of emotions (joy and disappointment) varies across relationship segments while comparing the findings from two different segmentation techniques - in the case of Norwegian hotel customers. They found that the weaker the relationship, the more quality-based and disappointing is the customer experience. The stronger the relationship, the more balanced and joyful the experience is (Johnson et al, 2009).

Ladhari (2009) developed and tested a conceptual model of the relationships among the constructs of service quality, emotional satisfaction, and behavioral intention in the setting of hotel customers. She found that service quality has both a direct effect on behavioral intention, as well as an indirect effect through emotional satisfaction (happy, pleasant, joyful). Mattila (2002) studied 200 service encounters at hotels in Singapore to investigate the impact of customer-displayed emotions and effect on assessment of the service encounter and the overall experience. She found that consumers' evaluations correlate highly with their displayed emotions during the interaction and post encounter mood states. Barsky and Nash (2002) established a scale to measure emotions in hotel stays - by using data from 30.000 hotel customers in the U.S. The researchers identified so called loyalty emotions for different hotel segments (e.g. economy and upscale), and found that emotions influence customer loyalty toward hotels. They also found that certain emotions play a strong role when it comes to willingness to pay and willingness to return. For instance, in the economy segment, the emotions: Practical, content and comfortable gives a significant effect on likelihood to return.

Airbnb, Uber and other sharing services represent new service innovations. Despite the amount of research on consumers' adoption of new services, very few studies have investigated the underlying role of consumers' emotional responses in the diffusion of innovations, with a few notable exceptions. Chaudhuri et al

(2010) refers to research from Wood and Moreau (2006) who suggest *"that consumers' expectations represent an important element in predicting their emotional responses to innovative new products (p.14)"*. Previous innovation literature has often overlooked emotions as a cause of successful diffusion (Chaudhuri et al, 2010).

Are emotions and satisfaction different?

In later years, scholars have been giving more attention towards the role of emotions in marketing (Bagozzi 1999). Many researchers argue that satisfaction involves emotions, and vice versa, and this relationship has been widely debated in the literature (e.g. Oliver, 1997; Nyer, 1997; Bagozzi et al., 1999; Søderlund and Rosengren, 2004). Ladhari (2009, p.309) states that *"it is unclear whether satisfaction is entirely an emotional construct or whether it is an evaluative judgement that includes an emotional component (Oliver, 1997; Nyer, 1997; Bagozzi et al., 1999; Soderlund and Rosengren, 2004).*"

According to Chaudhuri et al (2010), the role of emotions has been well documented in the context of advertising (Young, 2004), the use of products and services (Chitturi, Raghunathan, and Mahajan 2007; Chaudhuri 2002) and in various aspects of the consumption experience (Holbrook and Hirschman 1982). Chaudhuri et al (2010) point out that results from this research stream have demonstrated that consumers' emotional states may influence attitude formation, intentions, behavior as well as decision making (MacInnis and De Mello 2005; Richins 1997).

But, according to Bagozzi, it is unclear if satisfaction is phenomenologically distinct from many other positive emotions. Oliver (2014, p. 333) states that "*it can be concluded with some degree of certainty that there is unique emotional content to the satisfaction response.*" In other words, emotions coexist next to various cognitive judgements in producing satisfaction and loyalty (Oliver, 1997, p. 319). Several studies suggest that emotion is a fundamental attribute in satisfaction and that customer satisfaction should include a separate emotional component (Cronin et al, 2000). In research, this emotional component is often called emotional satisfaction - referred to as emotions in this thesis. Research by Cronin et al (2000) shows that satisfaction with a service provider is both an

evaluative (cognitive) and emotion-based response to a service encounter. This is also supported by Liljander and Strandvik (1997) who claim that customer satisfaction includes both an emotional- and cognitive component (Wong, 2004). Wong (2004) found that emotional satisfaction (*emotions*) has a significant positive effect on customer loyalty. Furthermore, customers' feelings of enjoyment serve as the best predictor of customer loyalty, while feelings of happiness serve as the best predictor of relationship quality (Wong, 2004). Research by Kunz et al (2011) found that both cognitive satisfaction and emotional satisfaction have significant effects on customer loyalty, with cognitive satisfaction being the strongest effect. This supports the idea that both emotions and traditional cognitive satisfaction could be drivers of loyalty in the sharing economy. We therefore include emotions in our conceptual model.

Overall, our literature review strengthens the idea that the cognitive satisfaction component by itself will not be enough to sufficiently explain the drivers of customer loyalty in collaborative consumption. As suggested by Stauss and Neuhaus (1997), it is inappropriate to assume that consumers experience the same emotions and cognition even if they have the same level of overall satisfaction. Therefore, we propose to include a separate emotional component in our model.

Positive emotions in the sharing economy

Emotions vary with a large spectrum, and can be grouped into positive and negative emotions (Liljander and Strandvik 1997). Existing research on emotions reveals that there is a pertinent need for insight into the role of emotions in the sharing economy. We believe that emotions might play an important role in collaborative consumption, particularly in the travel business like Airbnb where hedonic expectations are important. Moreover, as mentioned earlier, the role of emotions are especially expected to be important in the 2) affective- and 3) conative loyalty phases, where the focus lies in this thesis. There are different views on the best way to measure emotions, but positive and negative emotions have traditionally been used to compare effects (Crooker and Near, 1998). A customer with positive feelings tend to be more likely to continue his or her behavior, while a customer with negative emotions are more likely to leave and discontinue involvement (Bagozzi et al., 1999).

We propose the following hypothesis regarding positive emotions:

> ***H3A:*** *In the sharing economy, positive emotions have a positive effect on loyalty*
>
> ***H3B:*** *In the sharing economy, positive emotions have a positive effect on satisfaction*

Affective commitment is driven by affect, as the name suggests. Sharing economy customers with strong affective commitment tend to be highly emotionally attached to the business or product they love. Thus, we propose the following hypotheses:

> ***H3C:*** *In the sharing economy, positive emotions have a positive effect on affective commitment*
>
> ***H3D:*** *In the sharing economy, positive emotions have a positive effect on sustainable commitment*

Negative emotions in the sharing economy

The effect of negative emotions on loyalty or satisfaction has not been researched in the context of collaborative consumption. But a recent article from Emarketer.com point out that: "*Trust is still one of the biggest barriers to sharing economy adoption, particularly when it comes to lodging services"(*Emarketer.com, 2017) such as Airbnb. Furthermore, the article refers to an April 2017 report from Maru/Matchbox which found that 31% of US consumers did not consider home-sharing platforms like Airbnb to be safe (Emarketer.com, 2017). According to another nationwide survey in the US, made by Carbonview Research, issues of trust shaped two thirds (67 percent) of consumers' perceived fears about participating in the sharing economy (Olson, 2013). However, these two reports relate to adoption. The question is: How does negative emotions affect satisfaction and loyalty for a representative sample of active sharing economy customers? In literature, this remains unclear.

According to prospect theory, people usually value a loss of one unit more significantly than they value an equal amount of gain in uncertainty situations; hence, people tend to be psychologically loss-averse (Kahneman and Tversky, 1979). The question is if this can relate to the context of collaborative consumption for repeat customers. By using a representative sample of 566 active Airbnb from the US that have used Airbnb at least two times during the last two years, we want to investigate if the three negative emotions worry, fear and guilt have a negative effect on loyalty and satisfaction. Because service providers in the sharing economy have tended to be associated with insecurity, fear, distrust, guilt and worry - as discussed previously - it seems likely that also negative emotions might play a large role in forming loyalty - even though research in the hospitality industry have mostly focused on positive feelings. Research by Liljander and Strandvik (1997) shows that negative emotions have a stronger effect on satisfaction than positive emotions. Therefore, we expect that negative emotions will have a negative effect on satisfaction:

> ***H4A:*** *In the sharing economy, negative emotions have a negative effect on satisfaction*

Because of the strong link between satisfaction and loyalty - we also hypothesize that negative emotions will have a direct negative effect on loyalty:

> ***H4B:*** *In the sharing economy, negative emotions have a negative effect on loyalty*

Because emotions, such as fear, worry and especially guilt are used as leverage to help people make more sustainable choices (i.e. argumentation about starvation, global warming etc), we argue that emotions have effects on sustainable commitment. Thus, we propose the following hypotheses:

> ***H4C:*** In the sharing economy*, negative emotions have a negative effect on sustainable commitment*

> ***H4D:*** In the sharing economy*, negative emotions have a negative effect on affective commitment*

2.9 Satisfaction and its impact on Commitment

Does satisfaction have a positive effect on affective-, calculative- and sustainable commitment in the context of collaborative consumption? This has not been addressed in previous research and will now be further investigated in this thesis.

The emphasis of previous research on the effect of satisfaction on commitment has been exclusively in the context of traditional business (Verhoef et al, 2002; Hennig-Thurau et al. 2002; Wetzels et al.,1998; Bettencourt, 1997). In the context of the sharing economy, this relationship remains unclear, as no previous studies have researched this. The one that comes closest is Shuai Yang et al's (2017)study *"Why are customers loyal in the sharing economy. A relational Benefits Perspective"*. However, Shuai Yang et al, (2017) only studied which relational benefits that had significant and positive effects on commitment in sharing economy services. In other words, the effect of satisfaction on commitment was not studied (Yang et al, 2016). In marketing literature, though, satisfaction has been found to have a positive effect on commitment (Verhoef et al, 2002; Hennig-Thurau et al. 2002; Wetzels et al.,1998). However, most of these studies (Bettencourt, 1997; Hennig-Thurau et al. 2002) makes no attempt to differentiate between different types of commitment. Only Wetzels et al (1998) differentiated between two types of commitment; Affective- and calculative commitment. Hence, it is still not known if satisfaction in the sharing economy leads to affective-, calculative-, or sustainable commitment.

The mediation role of Commitment

In services marketing, relationships between customers and service providers are built on a foundation of mutual commitment (Berry & Parasuraman, 1992). Several studies suggest that commitment mediates the relationship between customer loyalty (e.g., repurchase intentions) and antecedents such as satisfaction (Hennig-Thurau et al. 2002; Wetzels et al.,1998; Bettencourt, 1997).

In peer-to-peer relationships, commitment to relationships between customers and *peer service providers* (e.g. *Atle from Bergen who rent out his apartment*) may possibly become more important for sharing economy companies such as Airbnb

to build loyalty, as customers may be more likely to be attracted by and to enjoy personal interactions with peer service providers (Shuai Yang et al, 2017). Compared with traditional businesses, considerably fewer of the interactions between the Airbnb customer and *peer service provider (e.g. Atle from Bergen who rent out his apartment)* are transaction related. Commenting on this Yang et al (2016) argues that "*Often, emotional involvement is more determinant to the service outcomes than the rational judgment."* In line with the argumentation from Shuai Yang et al, (2017) we therefore, argue that the three dimensions of commitment (affective, calculative and sustainable) should play a non-negligible role in the relationship between satisfaction and customer loyalty in sharing economy services, because the three dimensions of commitment can mediate the effects of satisfaction on customers' loyalty. We therefore want to test these relationships:

The impact of Satisfaction on Affective Commitment

We argue that there is a gap in the current research when it comes to satisfaction and its effect on affective commitment. No study has tested the effect on satisfaction on affective commitment in the sharing economy.

One can argue that customer satisfaction is a primary antecedent of affective commitment. The stronger the customer satisfaction, the stronger the affective commitment to the service provider. But surprisingly, literature on the relationship between satisfaction and affective commitment do not provide consistent findings. Interestingly, Bansal et al (2004) did not find support for this hypothesis; the path from satisfaction to affective commitment was not significant. However, the researchers emphasize that "*The lack of a significant direct effect of consumer satisfaction on affective commitment may have been due to multicollinearity of the satisfaction and trust variables"* (Bansal et al, 2004, p.245). In Wetzels et al's (1998) empirical study of a major Dutch office equipment manufacturer and its industrial customers, the relationships between satisfaction and affective- and calculative commitment were tested. Not surprisingly, the study found that satisfaction had a significant positive effect on affective commitment. The importance of affective commitment in business relationships was stressed by the authors in the conclusion: *"More affectively committed partners show a stronger intention to stay than customers who feel more calculative commitment."* (Wetzel

et al, 1998, p.419). According to Johnson, Sivadas and Garbarino (2008), customer satisfaction may be enhancing affective commitment and reducing risk perceptions for these customers. Nevertheless, no study has explicitly tested if satisfaction has a positive effect on affective commitment in the sharing economy. The results from previous research, however, suggest that more satisfied customers will be more affectively committed to the firm:

> ***H5A**: In the sharing economy, satisfaction has a positive effect on affective commitment*

The impact of Satisfaction on Calculative Commitment

Even though Bansal et al (2004) used affective- , calculative- and normative commitment, they did not test if satisfaction had a positive effect on calculative commitment. Furthermore, Johnson, Sivadas and Garbarino (2008) only tested if satisfaction had a positive effect on affective commitment, not calculative commitment. Wetzels et al (1998), on the other hand, found that satisfaction has a significant positive effect on calculative commitment. To our knowledge, no study has explicitly tested if satisfaction has a positive effect on calculative commitment in the sharing economy. Based on this previous, but limited research (Wetzels et al, 1998) however, we expect that more satisfied Airbnb customers will be more calculatively committed:

> ***H5B:** In the sharing economy, satisfaction has a positive effect on calculative commitment*

The Impact of Satisfaction on Sustainable Commitment

To our knowledge, no study has explicitly tested if satisfaction has a positive effect on sustainable commitment in the sharing economy. Sustainable commitment might be particularly important in the context of collaborative consumption where there is more focus on sustainable living and green consumption. According to a report from 2014 (PWC), 76% of U.S. adults familiar with the sharing economy believe it's better for the environment. As mentioned, most of the marketing literature has failed to test the effect of satisfaction on all the three types commitment. Instead, many studies have used a one-dimensional construct of commitment (e.g. Bettencourt, 1997; Hennig-

Thurau et al. 2002), or only looked at the effect of satisfaction on affective commitment (Bansal et al, 2004; Johnson, Sivadas and Garbarino, 2008). We therefore want to test if satisfaction also has a positive effect on sustainable commitment in a sharing economy context, with existing Airbnb customers:

> ***H5C**: In the sharing economy, satisfaction has a positive effect on sustainable commitment*

2.10 The influence of Hedonic and Utilitarian User Motivations

Travelling is usually seen as being hedonic, due to the holistic nature of a holiday experience (Hirschman and Holbrook 1982; Mannell and Iso-Ahola 1987). When travelling, people seek pleasurable and subjective benefits (e.g., Kwortnik and Ross 2007). Hedonic consumption refers to experiences that are fun, positive and intrinsically enjoyable (Arnould & Price 1993). Moreover, a high level of hedonic value reflects shoppers who have experienced increasing levels of emotional "worth" from a shopping experience. According to Hirschman and Holbrook (1982), people who experience positive consumption-related emotions in a hedonic context are thought to have strong forms of commitment, which is a significant driver of loyalty. Building on this, we propose that sharing economy customers with hedonic user motivations experience more positive emotions and less negative emotions. In addition, we hypothesize that hedonic sharing economy customers have higher levels of affective-, calculative- and sustainable commitment than sharing economy customers with utilitarian user motivations:

> **H6A:** *Sharing economy customers with hedonic user motivations are more affective committed than customers with utilitarian user motivations.*

> **H6B*:*** *Sharing economy customers with hedonic user motivations are more calculative committed than customers with utilitarian user motivations.*

> **H6C:** *Sharing economy customers with hedonic user motivations are more sustainable committed than customers with utilitarian user motivations.*

H7: *Compared to customers with utilitarian user motivations, customers with hedonic user motivations experience more positive emotions when they use sharing economy services.*

H8: *Compared to customers with utilitarian user motivations, customers with hedonic user motivations experience less negative emotions when they use sharing economy services.*

It is also reasonable to believe that sharing economy customers in the hedonic segment are more satisfied and loyal than utilitarian sharing economy customers. Thus, we hypothesize:

H9: *Sharing economy customers with hedonic user motivations are more satisfied than sharing economy customers with utilitarian user motivations*

H10: *Sharing economy customers with hedonic user motivations are more loyal than sharing economy customers with utilitarian user motivations*

The Influence of User Motivation on the Strength Between the Drivers and Loyalty

In hypotheses 6A-H10, we assume that there are differences in means between utilitarian and hedonic Airbnb customers; for example, if hedonists are more loyal than utilitarian Airbnb customers. To dig deeper, we must understand how sharing economy customers' user motivation (hedonic vs utilitarian) influence the strength of the relationships between the variables in our model. An existing Airbnb customer who uses Airbnb for pleasure (hedonic user motivation) might be very different than a utilitarian Airbnb customer who use Airbnb for more "rational" reasons (utilitarian reasons) - e.g. to save money. For instance, the loyalty of a person with hedonic user motivation can be much more driven by emotions, compared to a person with utilitarian motivation. Thus, the fact that a customer considers Airbnb's services as either hedonic or utilitarian, might be a variable moderating certain relationships in the framework.

According to Dick and Basu (1994), hedonic value should be related to loyalty because attitude theory suggests that there are several affective antecedents - such

as emotions, moods and primary effects. However, also utilitarian value should be related to loyalty and repatronage intentions, because consumers who perceive utilitarian value from their experience are likely to have accomplished the shopping "task" of product acquisition (Babin et al. 1994). Thus, utilitarian customers will perceive higher quality from various aspects of the experience and be more likely to exhibit stronger repatronage intentions (Babin and Babin, 2001; Swinyard, 1993 ; Zeithaml, 1988) and loyalty attitudes (Cronin *et al*., 2000 ; Dick and Basu, 1994). Even though Airbnb is an accommodation service, it is not necessarily so that everyone staying with Airbnb do it because of pleasure. In contrast to the hedonic segment, utilitarian customers might seek Airbnb because it helps them to solve a functional task or because it is more rational. It could be that utilitarian user motivation comes from the fact that it is often a cheaper alternative to hotels, or has more locational advantages. Airbnb customers in the utilitarian segment are expected to be more concerned with convenience, switching costs and especially price, which are all important items in calculative commitment, because of their utilitarian user motivation. Therefore, we believe that calculative commitment has a stronger effect on loyalty for these Airbnb customers with utilitarian user motivations, compared to for customers with hedonic user motivations:

> ***H11A:*** *In the sharing economy, calculative commitment has a stronger effect on loyalty for customers with utilitarian user motivations, compared to for customers with hedonic user motivations*

As Airbnb-customers in the hedonic segment are expected to want to socialize and seek pleasurable and subjective benefits through traveling with sharing economy services, we also expect them to be more affectively committed, but also more concerned with green travelling and sustainability. Therefore, we believe that sustainable commitment and affective commitment have a stronger effect on loyalty for these Airbnb customers with hedonic user motivations, than for customers with hedonic user motivations:

> ***H11B:*** *In the sharing economy, sustainable commitment has a stronger effect on loyalty for customers with hedonic user motivations compared to for customers with utilitarian user motivations.*

> ***H11C:*** *In the sharing economy, affective commitment has a stronger effect on loyalty for customers with hedonic user motivations compared to customers with utilitarian user motivations.*

To summarize the main findings from the literature review, sharing economy customers in the hedonic segment tend to be different from the other utilitarian segments as they seek pleasurable and subjective benefits through traveling with sharing economy services like Airbnb which can maximize their satisfaction and positive emotions, and thus ensure higher commitment and loyalty. As such is expected, we believe that hedonic user motivation leads to a stronger effect on loyalty than utilitarian motivations. An argument for this is the emotional nature of travel, and that emotional desires often dominate utilitarian motives in the choice of products in general (Maslow 1968). We hypothesize that both positive emotions and negative emotions have a stronger effect on loyalty for sharing economy customers with hedonic user motivations compared to customers with utilitarian user motivations:

> ***H12:*** *In the sharing economy, positive emotions have a stronger effect on loyalty for customers with hedonic user motivations compared to customers with utilitarian user motivation*

> ***H13:*** *In the sharing economy, negative emotions have a stronger effect on loyalty for customers with hedonic user motivations compared to customers with utilitarian user motivation*

Given that Hedonic Airbnb customers are both more affective- and sustainable committed, as well as they are more likely to experience more positive and less negative emotions when they use Airbnb, we would argue that Satisfaction also has a stronger effect on loyalty for customers with hedonic user motivations compared to customers with utilitarian user motivation. It is therefore hypothesized that:

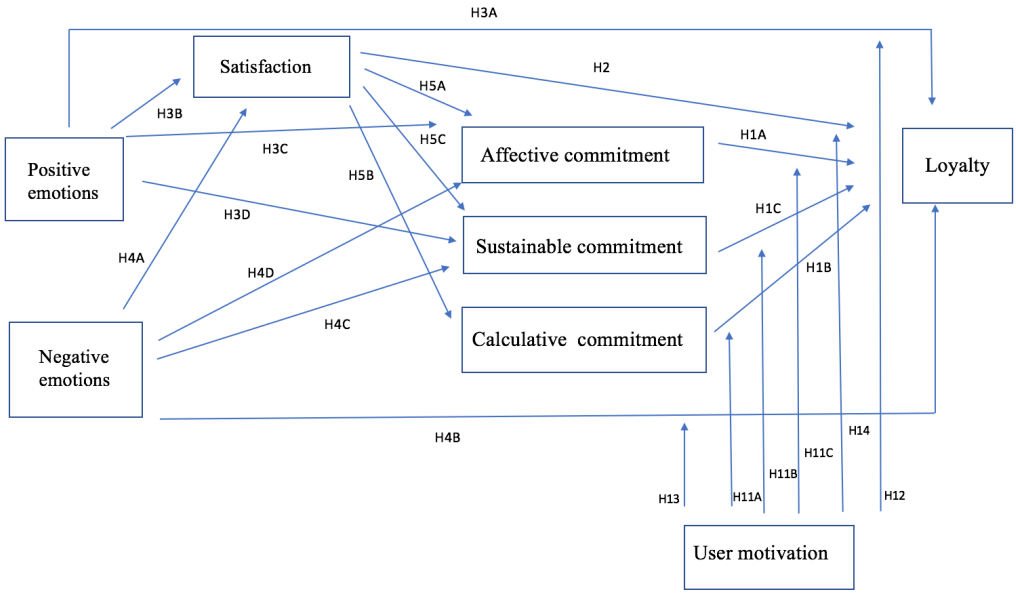
H14: *In the sharing economy, satisfaction has a stronger effect on loyalty for customers with hedonic user motivations compared to customers with utilitarian user motivation*

3.0 Conceptual Framework

To visually demonstrate the logic of this study, the literature review and the following hypotheses have been conceptualized and are summarized in the figure below (see Figure 1). According to how it is hypothesized in H1A-H5C, we propose that Positive emotions, Negative emotions, Satisfaction, Affective commitment, Sustainable commitment and Calculative commitment have direct effects on Loyalty.

Furthermore, we propose in H11-H14 that user motivation (utilitarian/hedonic) influence the relationship between all the drivers just mentioned, and loyalty.

Figure 1 – *Conceptual framework*



Additionally, in hypothesis H6A-H10, we hypothesize that hedonic sharing economy customers have higher levels of satisfaction, loyalty, positive emotions, affective-, calculative- and sustainable commitment than sharing economy customers with utilitarian user motivations, and that hedonists experience less negative emotions. Since, H6A-H10 are ANOVA tests they are not included in the model.

4.0 Methodology

4.1 Research Design

The next natural step was to empirically test our conceptual model. To do this, a descriptive quantitative design was chosen, through a cross-sectional survey. More specifically, we used structural equation modeling (SEM) as the cross-sectional statistical modeling technique. This allowed us to test all the hypothesis and do a more comprehensive path analysis of all the structural relationship in our model. By using quantitative research design with SEM, we could determine whether the six latent variables (positive emotions, negative emotions, affective commitment, calculative commitment, sustainable commitment, satisfaction) are causally related to *loyalty (the dependent variable).* This research design that involves confirmatory factor analysis, which is largely confirmatory, rather than exploratory, allowed us to validate the findings in the new context of the sharing economy.

A large-scale Internet-based survey was carried out - using Amazon Mechanical Turk in the U.S. The survey was carried out two times within the cross-sections of the population. The purpose of the survey was to examine our research question, in other words, to: 1) empirically test the identified drivers of Loyalty; whether the three types of commitment (affective, calculative and sustainable), satisfaction, positive- and negative emotions predict customer loyalty in collaborative consumption, and 2) investigate how sharing economy customers' usage motivation (hedonic vs utilitarian) can influence the relationship between Loyalty and its drivers.

4.2 Population and Sample

The population for this study was people in the US aged 18 years and above - who have used Airbnb before. By not including Norwegian respondents, we avoid biasing our results, due to for instance cultural differences in business (Hofstede 2001). The sample from the population was recruited through Amazon Mechanical Turk (MTurk), and distributed to US citizens from all states. Using MTurk is a type of convenience sampling technique. In our case, however, we used a function in MTurk which allowed us to distribute the survey to all states in

the US to make it more generalizable. So, the biggest issue of convenience sampling that could threaten the external validity would be that we distributed to MTurk users. One can possibly argue that this type of convenience sampling might not be the most generalizable sampling technique. On the other hand, having a representable sample of people in the US was not the sample we aimed for anyway. We wanted to study existing Airbnb customers who had already used Airbnb before. Using this type of convenience sampling through MTurk therefore had several benefits, for example, it allowed us to obtain a large sample size (566) of frequent Airbnb users, which gave us more generalizability than a much smaller sample (Malhotra 2010). Furthermore, research has found that respondents on Amazon Mechanical Turk are not that different from respondents on other survey platforms (Huff and Tingley 2015). We made sure that respondents were part of our population by screening out participants who had not used Airbnb before, and by using a control question for frequency to avoid dishonest answers.

4.2.1 Assuring only recent and experienced Airbnb customers

A major contribution of this thesis is that we examine what makes already existing customers more loyal. Hence, we needed to make sure when collecting the data that we received responses from people who had used Airbnb before. The first question in our survey, after the consent to participate in the study, was therefore a screening question: *"In this survey, we are only interested in answers from participants who have used Airbnb at least two times during the last two years. If you have never used Airbnb or only tried it once - we ask you to not answer this survey."* The respondents were then presented with four alternative answers: 1) I have used Airbnb two times or more during the last two years, 2) I have used Airbnb one time during the last two years, 3) I have never used Airbnb, and 4) I have used Airbnb - but it was more than three years ago.

The alternatives were randomized to control for order effects. Only the respondents who answered option 2) could continue to take the survey. This screening procedure was expected to identify respondents who had been customers of Airbnb for some time and thus would have had the opportunity to develop commitment to Airbnb. The rest of the respondents were automatically screened out and could not participate or answer the survey. However, because

respondents could answer dishonestly, with the incentive to make money, we included another control question later, asking the following: "*During the last two years, how many times have you used Airbnb? Please insert the number of times you have used Airbnb (not number of nights). For example, if you spent one week in Barcelona in an Airbnb apartment, this will count as 1 time (not 7).*" This screening process strengthens the validity of our results, by increasing the probability of a representative sample of active Airbnb-customers, who are in the 2) affective or 3) conative loyalty phase.

4.3 Operationalization of the Survey Constructs

The study used a 7-point Likert balanced scale to measure all the seven constructs. It was preferred to use verified and existing scales from the literature to correctly measure the variables, whenever such scales were available. Following, an overview of how all the constructs in our survey were operationalized, is provided.

4.3.1 Satisfaction

The measures of customer satisfaction were adopted from Fornell (1996) and Johnson et. al (2001). See Table 1 for the full operationalization of Satisfaction.

Table 1 – *Operationalization of the Satisfaction construct*

Satisfaction	**Origin**
Overall, how satisfied are you with Airbnb?	Fornell (1996)
How well does Airbnb compare to the ideal accommodation service provider?	
To what extent does Airbnb meet your expectations?	
Given your experience with Airbnb, how attractive or unattractive you feel that Airbnb is compared to its competitors?	Johnson et al (2001)

4.3.2 Positive Emotions and Negative emotions

The measurement method created by Hosany et al (2010) - called the Destination Emotion Scale (DES), was used to measure positive emotions in this study. This scale has been widely used to measure emotions in travel research and was further validated in 2015 (Hosany, 2015), and can be used to predict tourist satisfaction and behavioral intentions (Hosany and Gilbert 2010; Hosany and Prayah, 2013; Prayag, Hosany and Odeh, 2013). Respondents were asked to rate their feelings on a 7-point Likert-scale (1=Not at all, 7=Very much). In total, the emotions measures in this thesis, consist of 24 items, grouped into 6 dimensions representing each feeling; 1) Joy, 2) Positive surprise, 3) Love, 4) Guilt, 5) Worry, and 6) Fear. First, we used the three emotions; Joy, positive surprise and love to measure positive emotions. Each positive emotion (e.g joy) consist of five validated questions adopted from Hosany (2010) the DES scale.

Second, we used the three emotions; Guilt, Worry and Fear to measure Negative emotions. The original DES-scale only consists of positive valence emotions (joy, positive surprise and love). In this study, however, the measures of emotions are extended - to capture negative feelings as well. This is because sharing economy services - and especially Airbnb - has been linked to incidences of crime (e.g. robbery and fraud). Thus, three measures of negative emotions were included. There is an ongoing debate around whether Airbnb is legal - and if it undermines the traditional industry. Therefore, it is likely that guilt might be a prevalent feeling among Airbnb-users. Three items measuring guilt was adopted from Izard (2013). The two other negative feelings that was included in the study was worry and fear, both adopted from Richins (1997). In the public debate - the safety of Airbnb is being continuously discussed. Thus, we can assume that worry and fear might be familiar feelings to many Airbnb-users. See Table 2 for a full overview of the operationalization of the two emotion constructs.

Table 2 – *Operationalization of Positive emotions and Negative emotions*

Construct	Items	Origin
Positive emotions	**Joy** (5 items): I feel a sense of: …. delight …. joy …. pleasure …. enthusiasm …. cheerful **Positive surprise** (5 items) I feel a sense of: ...amazement ...inspiration ...surprise ...fascination ...astonishment **Love** (5 items) I feel a sense of: ...affection ...caring ...love ...tenderness ...warm-hearted	Hosany (2010)
Negative emotions	**Guilt** (3 items) I feel: …. blameworthy …. regretful …. guilty **Worry** (3 items) I feel: …. nervous …. worried …. tense **Fear** (3 items) I feel: …scared …afraid ...pannicky	Izzard (2013) Richins (1992) Richins (1992)

4.3.3 Three Dimensions of Commitment

The three types of commitment were measured by asking the respondents to rate if they agree or disagree with different statements - on a 7-point Likert scale (1=Strongly disagree, 7=Strongly agree).

Affective commitment

Items for affective commitment were adopted from research by Gustafsson et al. (2005) - where only minor wording modifications were done to fit the context. Two items were added to better capture our context, adopted from Tussyadiah (2015). See Table 3 for a full overview of the operationalization of the Affective commitment construct.

Table 3 – *Operationalization of Affective commitment*

Affective commitment	**Origin**
I take pleasure in being a customer of Airbnb	Gustafsson et. al (2005)
Airbnb is the provider that takes best care of their customers	
There is a sense of mutuality in my relationship to Airbnb - we both give and take	
I have a feeling of trust towards Airbnb	
Overall, I have a strong emotional commitment to Airbnb	
I enjoy the personal experience and the people I meet when staying with Airbnb	Tussyadiah (2015)
I enjoy the local experience when staying with Airbnb	

Calculative commitment

Items for calculative commitment were adopted from Gustafsson et al. (2005), Tussyadiah (2015), Meyer and Allen (1990) and Kumar (1994). This was done to capture a broad range of measures concerning calculative commitment; price, convenience, alternative attractiveness, and switching costs. Only minor wording modifications were done with the measures adopted from Gustafsson et al. (2005), but the rest were adapted somewhat more to fit the context. See Table 4 for a full overview of the operationalization of the Calculative commitment construct.

Table 4 – *Operationalization of Calculative commitment*

Calculative commitment	**Origin**
It pays off for me economically to be a customer of Airbnb	Gustafsson et al. (2005)
I would suffer economically if my relationship with Airbnb ended and I had to use another accommodation service instead	
Airbnb helps me lower my travel costs	Tussadyiah (2015)
It requires too much time and energy to switch from Airbnb to hotels	
Airbnb offers me convenient accommodation options when travelling	Kumar (1994)
I feel that I have few other options than Airbnb to choose from when travelling	Gustafsson (2005
It would be too costly for me to switch from Airbnb to a hotel	Meyer and Allen (1996)

Sustainable commitment

Given that Sustainable commitment is a new construct there were no existing measurement scales available. Hence, it was necessary to develop new items to assess a Airbnb customer's sustainable commitment. The items were inspired by empirical findings from research streams within the scarce Airbnb-related collaborative consumption literature (Tussyadiah, 2015; Tussyadiah and Pesonen, 2016).

As sustainable commitment is a new construct with a contribution to the literature we chose to create as much as eight items to reflect such behavior. Two of these eight items steamed from literature on normative commitment (Kelly, 2004; Brown et al, 1995; Meyer and Allen 1990). The six other sustainability items was first and foremost inspired by Airbnb-related research from Tussyadiah (2015). But to make it more relevant for our study, we modified most of the sentences and came up with a couple of new sentences that were more easy to grasp and relevant for our study. See Table 5 for a full overview of the operationalization of the Sustainable commitment construct.

Table 5 – *Operationalization of Sustainable commitment*

Sustainable commitment	**Origin**
I feel a sense of moral obligation to remain a customer of Airbnb	Meyer and Allen (1990)
What Airbnb stands for it important to me	
Airbnb offers me a greener way of travelling	
Airbnb provides a more efficient way of using resources than hotels (for instance utilizing empty rooms, extra heating costs and water use at hotels)	Møhlmann (2015)
Airbnb helps me reduce my consumption of energy and other resources while travelling	
Airbnb offers me a more sustainable way to travel than hotels do	Tussyadiah (2015)
When I use Airbnb, I feel that I support the local economy	
Using Airbnb makes me feel that I support the local community	

4.3.6 Loyalty

The measures of customer loyalty were adopted from Zeithaml, Berry and Parasuraman (1996), where only minor wording modifications were done to fit the context. One question was added to capture the likelihood of repurchase the next time the respondent travels. This was done to get deeper insights into repurchase intentions, as the classic question "will you do business with company X again in the future?" can be viewed as too unspecific in terms of time horizon. See Table 6 for a full overview of the operationalization of the Loyalty construct.

Table 6 – *Operationalization of Loyalty*

Loyalty	Origin
I will say positive things about Airbnb to other people	Zeithaml, Berry and Parasuraman (1996)
I will encourage friends and relatives to use Airbnb	
I will recommend Airbnb to someone who seeks my advice	

I consider Airbnb my first choice of accommodation when I travel	
I will use Airbnb again in the next few years	
I will use Airbnb the next time I travel	

4.4 Validity and Reliability

The goal was to reduce measurement error as much as possible by obtaining an accurate portrayal of the variables when designing the study (Hair et. al 2014a). Thus, it was important to use questions in the survey to ensure high validity and reliability.

Content validity

Content validity examines how adequately the variables and scales represent the construct it aims to measure (Malhotra 2010). As most of the latent construct in the survey was based on well-tested scales (e.g. Gustafsson et al., 2005; Meyer and Allen, 1996; Zeithaml, Berry and Parasuraman ,1996), except the sustainable commitment construct, it enabled us to measure the whole concept of commitment and loyalty in the sharing economy and assume a high content validity (Gripsrud, Olsson and Silkoset 2012). For example, our questions for loyalty are believed to have strong content validity since it has included several questions that both includes word-of-mouth, referrals and behavioral intention questions. When it comes to sustainable commitment, we tried to include both the environmental commitment (Airbnb as "a greener way of travelling") and the local community commitment ("*When I use Airbnb I feel that I support the local economy")*.

Construct validity

Construct validity includes convergent, nomological, and disciminant validity, and deals with wether the variables in the study measure the underlying concept (Malhotra 2010). In this thesis, we find it sufficient to explore convergent and discriminant validity, both of which will be assessed and further explained in the results section.

External validity

External validity deals with how one can generalize the findings of a study (Malhotra 2010). The sample technique, as discussed previously - is likely to have provided us with a relatively representative sample of the population, which strengthens the external validity. Furthermore, the sample size (N=566) can be considered satisfactory large - which also strengthens the ability to generalize findings. Lastly, the survey was distributed over the entire US, ensuring geographical flexibility (Malhotra 2010).

Internal consistency reliability

Our research design suggest that reliability can only be assessed by looking at the systematic variation in a scale through internal consistency methods (Malhotra 2010). This type of reliability is about assessing whether the results are consistent across the items representing the construct (Hair et al. 2014a). The most commonly used criterion for such internal consistency is Cronbach's alpha. However, Cronbach's alpha is somewhat conservative (Wong 2013), and thus we use SmartPLS to look at composite reliability - which is less conservative. The results of both composite reliability and Cronbach's alpha will be discussed in the Results section.

4.4 Data Collection

Before the data collection, we pretested the survey with two friends that have previously used Airbnb. They took the survey and talked us through the whole survey to check for glitches in wording of questions, if they understand the questions, lack of clarity of instructions, if the survey was too long, what questions that could be eliminated and what could possibly be added, etc. After taking notes on this, we discussed the feedback and revised the survey accordingly. The survey is included in Appendix 1.

In the data collection process, we used Qualtrics as the online survey software, but collected the data from Amazon Mechanical Turk (MTurk) users from all states in the US who had used Airbnb at least two times or more during the last two years. The respondents from MTurk answered our survey questions about their experiences, beliefs and opinions about Airbnb and the sharing economy. We used a structured data collection method as the survey questions were designed in a

prearranged order and the process was direct (Malhotra 2010). The survey was carried out at two points in time by respondents within the cross-sections of the population: The survey was distributed 11th of April and 8th of May, each at the same time of day. It was distributed at approximately 06.00 p.m. Norwegian time, meaning that respondents in the US received it between 09.00 a.m. and 12.00 pm.

5.0 Results

In this chapter, we start by describing the statistical analysis tools and quantitative analysis techniques that were used. Second, we will give a more detailed description of the respondent characteristics in our survey. Third, we report how we cleaned the data and handled missing values, outliers, etc. Fourth, we will provide an overview of the descriptive statistics showing each construct's mean, standard deviation, and normality in terms of kurtosis and skewness. Then, the validity and reliability of the variables in the study is examined through a brief Exploratory Factor Analysis (EFA) and a more thorough Confirmatory Factor Analysis (CFA). Fifth, factor analyses will be done to evaluate validity and reliability, Sixth, the assumptions for the meaningfulness of the statistical methods used in our study will be addressed. Seven, we will present an analysis of path model accuracy, effect size and relevance. Then, we run our model in SmartPLS to test the hypotheses by checking the structural path significance and hypothesized effects. Next, we also test and report the mediation effects in our model. Furthermore, we also run several ANOVA analyses to study differences between the two segments with different user motivation (Hedonic v Utilitarian). Then, we test whether user motivation (hedonic vs utilitarian) effects the strength between the drivers of loyalty and loyalty. In the end of the Results chapter, we provide a summary of results and the empirical model showing the path coefficients.

5.1 Statistical analysis tools and quantitative analysis techniques

The data from the survey was obtained in a SAP-file and was firstly imported to IBM SPSS Statistics 24 for data cleaning. SPSS is one of the most commonly used statistical programs for statistical analyses in the marketing research world (Janssens, De Pelsmacker & Van Kenhove, 2008). SPSS was an important tool in order to check for uncompleted responses/missing values, suspicious response

patterns, extreme responses or outliers, in addition to running multiple ANOVA tests. Furthermore, SmartPLS (Henseler, Ringle & Sarstedt, 2015) was also used to estimate the measurement model (Hair et al. 2014b). To test our hypotheses and be able to prove causal effects we used SmartPLS and Structural Equation Modeling (SEM), which is a second-generation multivariate data analysis method that is often used in marketing research because it can test theoretically supported linear and additive causal models (Chin, 1996; Haenlein & Kaplan, 2004; Statsoft, 2013). SmartPLS is considered especially useful in path model creation and estimation, because of its iterative estimation procedure (Johnson et al. 2001). Because our model involves many relationships that need to be estimated, we consider SmartPLS as the most appropriate modeling method.

5.2 Respondent Characteristics

Our sample consists of 289 males and 277 females, with a mean age of 32 years (See Table 7). 52% holds a bachelor's degree as their highest level of education, while 27% has some college credit but no degree. 16 % holds a Master's degree or more, and 5% has only completed High School. The age, gender and education level in the sample also correspond well with the observation that millennials are heavy users of the sharing economy (Olson, 2013), that men and women participate equally, and that they are usually highly educated (PWC 2014).

The average respondent has used Airbnb 3,72 times (See Table 7). 52,7% (296 respondents) of the respondents have used Airbnb 2-3 times during the last two years, whereas 47,3% (267 respondents) have used Airbnb 4-12 times during the last *two years* (See Appendix 2A and 2B for frequency table and histogram). This means that nearly 50% of our sample have used Airbnb from 4 to 12 times, which strengthens our result since we are only interested in established customers of Airbnb who have used Airbnb at least two times the last two years. Furthermore, as Table 8 below illustrated, 39,4% have last used Airbnb 0-3 months ago, 38,9% have last used Airbnb 4-6 months ago, 13,8% have used Airbnb 7-9 months ago, 5,5% have last used Airbnb, and only 2,5% have used Airbnb more than 12 months ago. In other words, as much as 78,3% of our respondents are recently Airbnb customers who have used Airbnb within the last 6 months.

Table 7 – *Age, frequency and annual income*

	Age	**Number of times Airbnb has been used in the last two years (frequency)**	**Annual income (before tax - in US dollars $)**
Mean	32	3,72	50.549
Min	19	1	2.000
Max	85	12	200.000

The average income of the respondents was $50.548 US dollars, compared with the median of $45.000. This reflects that our sample was quite well distributed in terms of income since the average yearly income in the US is $44.148 US dollars (Bureau of Labor Statistics 2017). However, the average income for our sample is almost $6.500 US dollars higher. Even though this seems counterintuitive, is not surprising that consumers with higher income levels are more likely to participate in the sharing economy. According to previous Airbnb-related sharing economy studies (Tussyadiah, 2015; Olson, 2013), Airbnb users often have higher income levels on average.

Table 8 – *Recency of Airbnb use*

When did you last use Airbnb? (Recency)	**Frequency**	**Percent (%)**	**Cumulative percent (%)**
0-3 months ago	223	39,4	39,4
4-6 months ago	220	38,9	78,3
7-9 months ago	78	13,8	92,0
10-12 months ago	31	5,5	97,5
More than 12 months ago	14	2,5	100
Total	566	100	

5.3 Data Cleaning

Because we only wanted recently active Airbnb users in our study, as elaborated in the methodology section, 213 participants were screened out. These were participants that had not used Airbnb more than two times during the last two years. The final sample were therefore Airbnb users who claim to have used it two times or more during the last two years. We also removed 28 respondents due to duplicate

responses, which we identified through studying IP addresses. After cleaning the data, we were left with 566 respondents. As prior research suggests that a sample size of 100 to 200 is usually a good starting point in carrying out path modeling (Hoyle, 1995), we consider the sample size to be sufficient.

Missing values

We checked all variables for missing values. We only found five missing values for income. To replace these values, averages were calculated and inserted in these cells (Malhotra 2010).

Outliers

We checked for outliers in the data set, starting with the variable income. Out of 566 respondents, we found ten outliers; five of them were missing values, and the other five responses were income from $0 to $800. We believe that low income levels under 800$ to be a typing error; for example, a respondent that typed in $800 might just missed a zero. However, we sat the limit for low extreme outliers at $ 2000 since we did not remove extreme high earners. To not lose any respondents, we replaced the ten outliers for income with the mean value $50 500. When we checked the new mean value for income, it nearly did not change at all - the mean was still approximately $50 500, and the median income also remained the same at $45.000. We also checked for outliers in the age variable. The range was from 19 to 85 years. We identified two outliers of 85 and 83 years. We checked these two observations, but there was nothing suspicious about their responses. Hence, we decided to keep the two outliers on age.

5.4 Description of the Dataset

To provide a better overview of the dataset, we have summarized the large amount of data - to make it easier to understand and draw conclusions from. Table 9 provides an overview of descriptive statistics, portraying each construct's mean, standard deviation, and normality in terms of kurtosis and skewness. The latter will be further elaborated in subsequent sections.

Table 9 – *Mean, standard deviation, skewness and kurtosis of constructs*

Variable	Mean	St. deviation	Skewness	Kurtosis
Satisfaction	5,39	0,88	-0,71	2,02
Loyalty	5,29	1,10	-0,69	0,56
Affective commitment	4,93	1,04	-0,51	0,54
Calculative commitment	4,95	0,99	-0,07	0,19
Positive emotions	4,11	1,35	-0,21	0,33
Negative emotions	2,01	1,11	1,15	0,54

5.5 Test of Measurement Model: Validity and reliability

In this chapter, the validity and reliability of the variables in the study is examined through a brief Exploratory Factor Analysis (EFA) and a more thorough Confirmatory Factor Analysis (CFA). Because the survey in the study is predominantly based on well-tested scales, the CFA is given decisive weight over the EFA because CFA tests items on theorized constructs (Janssens et al. 2008).

Assumptions for Meaningfulness of Factor Analysis

There are several assumptions that need to be met in order for an EFA to be meaningful. First, one should in theory have data on interval or ratio scale to perform a meaningful factor analysis (Janssens et. al 2008). However, research shows that even if one uses Likert scales - which is ordinal, it does not lead to unreliable results per se (Janssens et al., 2008). The bias decreases as the number of response categories increase. In this study, there are seven response categories, which we evaluate as sufficient. Second, the number of observations needs to be four or five times larger than there are variables (Malhotra 2010). This study has 566 respondents, which is roughly 90 times the number of variables. Third, the variables must be correlated (Malhotra 2010). A Bartlett's test of sphericity was performed to be sure that the variables are sufficiently correlated, and a Kaiser-Meyer-Olkin (KMO) test was done to measure the sampling adequacy. The Bartlett's test p-value of 0,000 indicates that the variables are sufficiently correlated. The KMO should be over 0,5 in order for a factor analysis to be meaningful. In our case - it shows a value of 0,954.

Factor Analysis

SPSS was used to perform an EFA - through a Principal Component (PCA) analysis. The CFA was performed through creating a Structural Equation Model (SEM) in SmartPLS.

Validity

Unideminsionality of items

Unidimensionality means that one set of items should have only one underlying factor, meaning that they are only connected to one dependent variable (Janssens et al. 2008). To address this, we start by looking at whether some items should be removed due to insufficient factor loadings to ensure validity of our variables.

When running an EFA through a Principal Component Analysis in SPSS - nine factors were extracted - even though we had expected seven - which is the number of constructs in our model. All with eigenvalues of one or above - meaning that they account for a sufficient part of the variability and are considered stable in their variability (Janssen et al. 2008). Our model has seven factors: 1) Satisfaction, 2) Loyalty, 3) Positive emotions, 4) Negative emotions, 5) Affective commitment, 6) Sustainable commitment, and 7) Calculative commitment). Because the large majority of the variables in the study are operationalized by validated scales - we inspect the results from the SEM, where we can test the items directly on the constructs they are theorized to belong to (Janssens et. al 2008).

We started by looking at the loadings of each item on the factor it is theorized to belong to, and see that some items have lower loadings than the required 0,5 (Janssen et. al 2008). See Appendix 3 for the original factor structure, and Table 10 for the final factor structure for all constructs. We decided to remove two items due to insufficient factor loadings. Both items measure calculative commitment - one the aspect of convenience - the other switching cost. The switching cost item "It requires too much time and energy to switch from Airbnb to hotels" had a factor loading of 0,271. The convenience item "I feel that I have few other options than Airbnb to choose from when travelling" had a factor loading of 0,205. Keeping them could negatively affect the reliability and discriminant validity. By

removing these two items, the model fit measure SRMRmodel improved from 0,094 too 0,089). Because we were still left with variables measuring both switching costs and convenience, it is unlikely that we will lose important information in the data. We decided to keep the last item measuring convenience - even though it only loaded 0,488 on calculative commitment. The reason for this is that we did not want to lose valuable information about convenience. All the other items in our model have more than sufficient loadings on the constructs they belong to. Hence, the structural equation model analysis finds support for having seven constructs in the model. A final factor structure for all constructs is provided in Table 10, while the original factor structure is provided in Appendix 3.

Table 10 – *Final factor structure*

Items	P.EMO	N.EMO	S.COM	A.COM	C.COM	LOY	SAT
Emo_Joy1	0,809						
Emo_Joy2	0,839						
Emo_Joy3	0,769						
Emo_Joy4	0,820						
Emo_Joy5	0,778						
Emo_Love1	0,823						
Emo_Love2	0,828						
Emo_Love3	0,816						
Emo_Love4	0,809						
Emo_Love5	0,856						
Emo_Pos.s1	0,758						
Emo_Pos.s2	0,798						
Emo_Pos.s3	0,795						
Emo_Pos.s4	0,674						
Emo_Pos.s5	0,743						
Emo_Worry1		0,885					
Emo_Worry2		0,886					
Emo_Worry3		0,853					
Emo_Guilt1		0,714					
Emo_Guilt2		0,717					
Emo_Guilt3		0,770					
Emo_Fear1		0,795					
Emo_Fear2		0,832					

Emo_Fear3		0,840					
S.Comm1			0,769				
S.Comm2			0,762				
S.Comm3			0,802				
S.Comm4			0,803				
S.Comm5			0,626				
S.Comm6			0,787				
S.Comm7			0,752				
S.Comm8			0,777				
A.Comm1				0,833			
A.Comm2				0,772			
A.Comm3				0,741			
A.Comm4				0,851			
A.Comm5				0,787			
A.Comm6				0,665			
A.Comm7				0,740			
C.Comm1					0,480		
C.Comm2					0,734		
C.Comm3					0.877		
C.Comm4					0,592		
C. Comm5					0,892		
Loy1						0,896	
Loy2						0,895	
Loy3						0,899	
Loy4						0,829	
Loy5						0,834	
Loy5						0,837	
Sat1							0,874
Sat2							0,860
Sat3							0,838
Sat4							0,860

Discriminant validity

When there is a significant difference from one in the correlation between the constructs, discriminant validity is reached. To evaluate this, we use the approach of Fornell-Larcker (Janssens et al. 2008). The square root of the AVE (average variance extracted) is compared with the correlation between the constructs. The square root of the AVE needs to be larger than the correlation between the constructs. In Table 11 we compare the √AVE of Affective commitment (0.772),

Calculative commitment (0.733), Loyalty (0,822), Negative emotions (0,812), Normative/Sustainable commitment (0,762), Positive emotions (0,795) and Satisfaction (0,858) to the correlations between the constructs (Janssens et al. 2008). One can see from the table that only none of the correlations are higher than the √AVE values on the diagonal, namely Satisfaction (0,834 compared to √AVE for Loyalty 0,822). Because it is only slightly higher than √AVE of Loyalty, and that customer loyalty and satisfaction are very connected constructs, we let this pass. In all other cases, the √AVE is higher than the correlations, indicating that discriminant validity is reached. Thus, the constructs in our model measure different things.

Table 11 - *Larcker Criterion, AVE, Compisitie reliability, Cronbachs alpha*

	AC	**CC**	**LOY**	**NE**	**SC**	**PE**	**SAT**	**AVE**	**CR**	**CA**
AC	0,77							0,6	0,91	0,89
CC	0,62	0,73						0,54	0,85	0,78
LOY	0,76	0,68	0,87					0,75	0,95	0,93
NE	-0,36	-0,28	-0,42	0,81				0,66	0,95	0,93
SC	0,71	0,55	0,60	-0,17	0,76			0,58	0,92	0,90
PE	0,62	0,38	0,47	-0,03	0,61	0,80		0,63	0,96	0,96
SAT	0,75	0,60	0,83	-0,38	0,60	0,53	0,85	0,74	0,92	0,88

Convergent validity

Convergent validity is reached when items which are to measure the same construct are related and actually measure the same construct. In other words, one indicator of a latent variable confirms the other indicator/s of that latent variable (Janssens et al. 2008). Convergent validity is met when AVE is above 0,5, (Wong 2013), which is the case for our data (See Table 11 for AVE values)

Reliability

To assess reliability, we perform several analyses, of which the values can be seen in Table 11. All the constructs have Cronbach's alpha above the critical value of 0,7, meaning that there is no need to exclude any more items. The average variance extracted (AVE) is above the recommended limit of 0,5 (Janssens et al.

2008) for all items. Lastly, the Composite Reliability (See Table 11) is assessed. All the constructs in the model are above the recommended limit of 0,7 (Janssens et al. 2008).

Conclusion of validity and reliability

All the previous tests and adjustments proves that the constructs in this study have a high degree of reliability and validity, indicating that if someone else than us would do the study, they would get consistent results with ours. Thus, we can draw trustworthy conclusions.

5.6 Assumptions for meaningfulness of statistical tests

Following, assessments of the meaningfulness of our statistical tests will be provided. In this thesis, we will run ANOVA-tests, and we will test our hypothesis by applying structural equation modelling (SEM) through SmartPLS.

Normality check by examining skewness and kurtosis

Normality in the data needs to be assessed, through the shape characteristics of the distribution and visually through normal probability plots (Hair et al. 2014a). This is because normal distribution is an underlying assumption in statistical techniques used in this thesis (Janssens et al. 2008). Measures of skewness was used to determine the shape of the distribution and the tendency of deviations from the mean. Kurtosis was also assessed, which reveal the peakedness or flatness of a curve (Malhotra 2010). A symmetric distribution with kurtosis close to zero, suggests that data is normally distributed.

As can be seen from Table 9, most of the variables tend to be negatively skewed, visually depicted as a shift to the right. The distribution was also a bit more peaked than a normal distribution, especially for the construct of satisfaction where the positive kurtosis value of 2,017 revealed a peaked distribution (Table 9). However, sample sizes of more than 200 usually have the statistical power to reduce the detrimental effects of non-normality (Hair et al. 2014a). Thus, the small deviations from normality in our data set does not give us reason to be concerned. Even though our data is not perfectly normally distributed, it is safe to say that it is approximately normally distributed, as we have 566 respondents.

Variation in response

We look at the standard deviation in our variables to check statistical dispersion in the values. The standard deviation is considered low if it is below 2, which indicated that values are sufficiently close to the mean (Malhotra 2010). From Table 9 we see that the construct Positive emotions has the highest standard deviation (1,35), while the construct Satisfaction has the lowest standard deviation (0,87). This indicates that the respondents' opinions about satisfaction are much more alike than they are regarding positive emotions. However, all standard deviations are below 2, meaning that all values are close to the expected value, and sufficiently centered around the mean.

Multicollinearity

Multicollinearity was investigated to check whether a variable in the dataset can be explained by another variable. Such an incident could make it difficult to establish each independent variable's relative importance and role in the variance explained by the dependent variable (Hair et al. 2014a). In general, a correlation above 0,6 is alarming, because it means that there is a high degree of dependence between variables, indicating that there might be a multicollinearity issue (Janssens et al. 2008). The Pearson correlation matrix (Appendix 4) shows that some variables have a higher correlation value than 0,6, especially loyalty and satisfaction which correlate with a value of 0,831. However, it is not surprising that these to constructs, which naturally have much in common, correlate this high. There are very few other cases where the correlations are higher than 0,6. Thus, we conclude by saying that multicollinearity is not an issue in this dataset.

To test mean differences between hedonic and utilitarian Airbnb-customers, we run ANOVA-analyses. In the following, a discussion of to which degree our data fulfills the assumptions of ANOVA and SEM is provided. There is a range of assumptions that need to be met for the results of ANOVA-analyses to be meaningful. First, the dependent variable should be measured in an interval scale level. The dependent variables in this study are measured on a 7-point Likert scale - which is strictly speaking an ordinal scale. However, these data is allowed to be treated as interval scales due to "the assumption of equal appearing intervals" (Janssens et al. 2008). Second, the independent variables should contain two or more independent groups. In this study, the independent variables contain

minimum two groups - and people are only part of one group. Thus, this assumption is met. Third, there needs to be independence of observations. The survey was distributed electronically - and an effort was made to make it possible only to answer a survey only once. Fourth, there should be no significant outliers. Fifth, the dependent variables should be close to normally distributed for each category of the independent variable. However, there can be a certain degree of deviation from normal distribution. We did Shapiro-Wilk's tests of normality to test this (Table 12). The results show that there is normality in the data.
Sixth, there needs to be homogeneity of variance. This is tested through a Levene test of Homogeneity of Variance (Table 13). Both tests show that we have normality and homogeneity of variance in the data.

Table 12 - *Test of Normality: Shapiro-Wilk*

Variable	**Statistic**	**df**	**Sig.**
Loyalty	,961	566	,000
Pos. emo	,843	566	,000
Neg. emo	,960	566	,000
Satisfaction	,983	566	,000
Sust. com	,983	566	,000
Aff.com	,978	566	,000
Calc. com	,988	566	,000

Table 13 – *Test of homogeneity of Variance (Levene)*

Variable	**t-Statistic**	**df1**	**df2**	**Sig.**
Loyalty	3,81	1	564	0,643
Pos. emo	2,78	1	564	0,096
Neg. emo	7,14	1	564	0,008
Satisfaction	0,691	1	464	0,406
Sust. com	0,10	1	464	0,747
Aff. com	3,47	1	564	0,063
Calc. com	0,22	1	564	0,643

5.7 Testing for causal relationships

To test our hypotheses and be able to prove causal effects we used SMART PLS and Structural Equation Modeling (SEM), which was considered the most appropriate modeling method (See section 5.1 for a more comprehensive elaboration on why we are using this method).

5.7.1 Analysis of path model accuracy, effect size and relevance

The coefficient of determination, R^2 for Loyalty is 0,775, meaning that the drivers (Calculative commitment, Sustainable commitment, Affective commitment, Satisfaction, Positive emotions and Negative emotions) are able to explain 77,5 % of the total variation in Loyalty. In marketing research, R^2 of 0.75 is substantial, 0.50 is moderate, and 0.25 is weak (Wong, 2013). Therefore, we can conclude that the drivers in our model have high predictive accuracy and relevance of Loyalty in the sharing economy. See Table 14 for all R2 values in our model.

Furthermore, Positive emotions and Negative emotions together explain 41,9% of the variance in Satisfaction, which can be considered the low end of moderate. R^2 for Affective commitment was 0,656 while the R^2 for Sustainable commitment was 0,556. This means that 65,6% of the variance in Affective commitment and 55,6% of the variance in Sustainable commitment, can be explained by Positive emotions, Negative emotions and Satisfaction. R^2 for Calculative commitment was 0,355, meaning that Satisfaction explains 35,5% of the variance in Calculative commitment.

The models f^2 effect size specifies how much an exogenous latent variable can contribute with to an endogenous latent variables' R^2 (Wong 2013). By looking at the f^2 effect sizes in the model, we can evaluate the magnitude or strength of relationship between the latent variables (Wong, 2013). According to Wong (2013) f^2 effect sizes of 0.02, 0.15, and 0.35 indicates small, medium, and large effect, respectively. Table 13 below shows an overview of the f^2 effect sizes in our model starting with the highest effect sizes.
The values show that there are strong effects between Satisfaction and Calculative commitment, Positive emotions and Satisfaction, Satisfaction and Loyalty, and between Satisfaction and Affective commitment. Medium effect sizes were found between Positive emotions and Affective commitment, Negative emotions and

Satisfaction, and Calculative commitment and Loyalty. The rest of the effects were found to be small.

Table 13 – *F^2 effect sizes*

Causal effects	**F^2 effect size**
Satisfaction → Calc. commitment	0,55
Pos. emotions → Satisfaction	0,47
Satisfaction → Loyalty	0,39
Satisfaction → Aff. commitment	0,43
Pos. emotions → Aff. commitment	0,24
Negative emotions → Satisfaction	0,23
Calc. commitment → Loyalty	0,11
Pos. emotions → Sustainable commitment	0,21
Affective commitment → Loyalty	0,06
Negative emotions → Loyalty	0,03
Satisfaction → Sustainable commitment	0,16
Sustainable commitment → Loyalty	0,00
Pos. emotions → Loyalty	0,00
Negative emotions → Sustainable commitment	0,000

The Stone-Geisser's (Q^2) values, also known as cross-validated redundancy measures, are used to assess a model's predictive relevance (Wong 2013). According to Hair et al. 2014b), the path model predictive relevance is greater the higher the Q^2 values are. In our loyalty model, Q^2 values (see Table 14) for all the five dependent variables are significantly above zero. Thus, we conclude with the fact that our model has high predictive relevance.

Table 14 – Q^2*,- and* R^2 *values*

Variable	**Q2-value (Stone-Geisser's)**	**R square**
Loyalty	0,487	0,76
Satisfaction	0,289	0,42
Sust. commitment	0,298	0,47
Calc. commitment	0,175	0,36
Aff. commitment	0,364	0,66

5.7.2 Checking structural path significance and hypothesized effects

Following, the hypotheses will be tested in the same order they were presented in the literature review.

5.7.2.1 Testing the effects of Commitment on Loyalty

We wanted to test how the three different types of commitment affect customer loyalty in the sharing economy. We hypothesized that Affective-, (H1A), Calculative-, (H1B) and Sustainable commitment-, (H1C) had positive effects on customer loyalty. The results showed that both Calculative commitment (0,00<0,05) and Affective commitment (0,00<0,05) had significant effects on Loyalty, while Sustainable commitment (0,81>0,05) did not. Interestingly, we found that in the sharing economy, Calculative commitment (path coefficient=0,22, t-stat=6,65) had a much larger effect on loyalty than Affective commitment (beta=0,22, t-stat=4,73). See Table 15 for all path coefficients, t-statistics and p-values.

Thus, the hypothesis H1A and H1B were supported - meaning that respectively Affective,- and Calculative commitment has a positive effect on Loyalty in the sharing economy. On the other hand, hypothesis H1C was rejected - meaning that Sustainable commitment does not have a significant positive effect on Loyalty in the sharing economy.

Table 15 - *Structural paths between commitment and loyalty*

Path	Path coefficient	t-statistic	Sig.
H1A: Aff. commitment → Loyalty	0,22	4,73	0,00**
H1B: Calc. commitment → Loyalty	0,22	6,65	0,00**
H1C: Sust. commitment → Loyalty	0,03	0,81	0,42

*Note: *Significant at the 0.05% level and **at the 0.01% level*

5.7.2.2 Testing the Effect of Satisfaction on Loyalty

In hypothesis H2, we expected that Satisfaction had a positive effect on Loyalty in the sharing economy. As illustrated in Table 16, the hypothesized structural path between Satisfaction and Loyalty is significant at the 0.01% level, meaning that H2 is supported. Regarding the relative strength of all the six drivers that were hypothesized to have a direct effect on Loyalty in our model, it was clear that Satisfaction had the strongest effect on Loyalty according to both the t-value (13,69) and path coefficient (0,49). See Table 16 for path coefficient size, t-statistic and significance level. Furthermore, the table of total effects in SmartPLS clearly showed that Satisfaction had the biggest total effect on Loyalty (t-stat = 27,91, p-value = 0.00) with a path coefficient at 0,74. Moreover, the results show that the indirect effect of Satisfaction is significant at a 0,01% level (t-stat = 9,17). However, the t-statistics reveal that Positive emotions (t-stat = 0,48) and Negative emotions (t-stat = -0,31) have a slightly higher indirect effect on Loyalty. Overall, these results show that Satisfaction seems to be the strongest driver of Loyalty in the sharing economy.

Table 16 – *Structural path between Satisfaction and Loyalty*

Path	**Path coefficient**	**t-statistic**	**Sign.**
H2: Satisfaction → Loyalty	0,49	13,69	0,00**

*Note: *Significant at the 0.05% level and **at the 0.01% level*

5.7.2.3 Testing the Effect of Positive Emotions

It was hypothesized in H3A and H3B that Positive emotions has a positive effect on both Loyalty and Satisfaction in the sharing economy. However, the results showed that Positive emotions only had a significant effect on Satisfaction (0,00<0,05), but not on Loyalty (0,35>0,05). Thus, hypotheses H3B is supported, while H3A is rejected. See Table 17 for a full overview of path coefficients, t-statistics and significance levels. It was also hypothesized that Positive emotions had significant positive effects on Affective commitment (H3C) and Sustainable commitment (H3D). The results show that both paths are significant at a 0,01 % level (p>0,05). The effect of Positive emotions on Sustainable commitment (path coefficient = 0,41, t-statistic = 9,77) is slightly stronger than the effect on Affective commitment (path coefficient=0,35, t-statistic=9,02).

Table 17 - *Structural paths from positive emotions to loyalty, satisfaction, affective commitment and sustainable commitment.*

Path	Path coefficient	t-statistic	Sign.
H3A: Pos. emotions → Loyalty	-0,03	0,93	0,35
H3B: Pos. emotions → Satisfaction	0,53	15,99	0,00**
H3C: Pos. emotions → Aff. commitment	0,35	9,02	0,00**
H3D: Pos. emotions → Sust. commitment	0,41	9,77	0,00**

*Note: *Significant at the 0.05% level and **at the 0.01% level*

5.7.2.4 Testing the Effect of Negative Emotions

Furthermore, it was hypothesized that, in the sharing economy, Negative emotions has a negative effect on Loyalty (H4B) and Satisfaction (H4A). See Table 18 for a full overview of beta coefficients, t-statistics and significance levels. The results show that both H4A and H4B are supported and significant at the 0.01% level. If we compare the effect of negative emotions in the sharing economy, the results show that the effect on Satisfaction is stronger (path coefficient = -0,380, t-statistic = 8,393) than the effect on Loyalty (path coefficient = -0,094, t-statistic = 3,578).

We also proposed that Negative emotions has a negative effect on both Sustainable commitment (H4C) and Affective commitment (H4D) in the sharing economy. The results show that Negative emotions only had a significant negative effect on Affective commitment (0,00<0,01), but not a significant negative effect on Sustainable commitment (0,61>0,05). Thus, H4C was rejected, while H4D was supported.

Table 18 - *Structural paths from Negative emotions to loyalty, satisfaction, affective commitment and sustainable commitment.*

Path	Path coefficient	t-statistic	Sign.
H4A: Neg. emotions → Satisfaction	-0,36	9,73	0,00**
H4B: Negative emotions → Loyalty	-0,09	3,63	0,00 **
H4C: Neg. emotions→ Sust. commitment	-0,02	0,51	0,61
H4D: Neg. emotions → Aff. commitment	-0,16	4,97	0,00**

*Note: *Significant at the 0.05% level and **at the 0.01% level*

By inspecting the indirect effects in SmartPLS, we can see that the effect of Negative emotions on Loyalty also seems to be mediated by other variables. The results show that this indirect effect of Negative emotions on Loyalty is significant at a 0,01% level (t-statistic = 10,41), which means that Negative emotions has a lower indirect effect on Loyalty than positive emotions (t-statistics = 13,23). The total effect of Negative emotions on Loyalty is also significant at a 0,01 % level, with a path coefficient of -0,40 (t-statistics = 11,74), which means that Negative emotions has a lower total effect on Loyalty than positive emotions (t-statistics = 13,52).

5.7.2.5 Testing Mediation Effects

Because the results showed that Positive emotions did not have a direct effect on Loyalty, we ran mediation analyses through PROCESS in SPSS to find out if other variables in the model mediated the effect of Positive emotions on loyalty. The results are depicted in Table 19:

Table 19 – *Mediation analysis*

Mediation	Total effect	LLCI	ULCI	Indirect effect
Positive emotions → Satisfaction → Loyalty	0,0423*	0,2182	0,3994	0,3375**
Positive emotions → Aff. commitment → Loyalty	0,0058	0,3092	0,441	0,374**

Note: **=significant at 5% or less

The results of the mediation analyses show that Satisfaction, Affective commitment, and Sustainable commitment mediate the effect of Positive emotions on Loyalty. To test for significance of the mediating effect, Bootstrapped Confidence Intervals were used. According to Hayes & Scharkow (2013), this is the most preferred method to test significance, compared to using the Test of Joint Significance or the Sobel Test. When using the Bootstrapped Confidence Interval test, the indirect effect is classified as significant at a 5 % level if 0 is not in the confidence interval (Hayes and Scharkow 2013).

That the effect of Positive emotions on Loyalty is mediated by other variables, can also be seen by inspecting the indirect effects in SmartPLS. The results show that this indirect effect of Positive emotions is significant at a 0,01% level (t-statistic = 13,66). The total effect of Positive emotions on Loyalty is also significant at a 0,01 % level (t-statistic = 13,01), with a path coefficient of 0,45, making it one of the strongest total effects in our model.

5.7.2.6 Testing the Effects of Satisfaction on Commitment

In the sharing economy, we proposed that Satisfaction has a positive effect on both Affective- (H5A), Calculative- (H5B), and Sustainable commitment (H5C). The results show that all the three paths are significant at a 0,01% level. See Table 20 for a full overview of path coefficients, t-statistics and significance levels. This means that H5A, H5B, and H5C are supported, and that Satisfaction is a unique driver with a direct effect on all the three types of commitment in the sharing economy. The strongest effect was found between Satisfaction and Calculative commitment (path coefficient = 0,60, t-statistic = 16,90), followed by Affective commitment (path coefficient = 0,50, t-statistic = 12,21), and Sustainable commitment (path coefficient = 0,38, t-statistic = 8,15). Thus, customer satisfaction seems to have a somewhat stronger effect on the more rational type of commitment in the sharing economy.

Table 20 - *Structural paths between satisfaction and commitment*

Path	Path coeff.	t-statistic	Sign.
H5A: Satisfaction → Aff. commitment	0,50	12,21	0,00**
H5B: Satisfaction → Calc. commitment	0,60	16,90	0,00**
H5C: Satisfaction → Sust. commitment	0,38	8,15	0,00**

*Note: *Significant at the 0.05% level and **at the 0.01% level*

5.7.3 Influence of user motivation

5.7.3.1 Testing Differences Between Means through Multiple ANOVA Tests

In our dataset, 46 % (262 of 566 Airbnb customers) of the Airbnb customers had utilitarian user motivations, whereas 54% (304 of 566 Airbnb customers) had hedonic user motivations. By comparing the means of each construct through multiple ANOVA tests, we could find significant differences between the two different groups of user motivation (Hedonic vs Utilitarian). A summary of all the ANOVA results are listed in Table 21, and will be further elaborated in the discussion.

In hypothesis 6A, we proposed that sharing economy customers with *hedonic* user motivations are *more affective committed* than customers with utilitarian user motivations. The results from the ANOVA test confirm H6A (p-value = 0.000), and show that on average Hedonic customers score 5,4 in affective commitment on a seven-point scale, whereas Utilitarian customers score significantly lower at 4,4. The results also show that sharing economy customers with *hedonic* user motivations are significantly *more calculative committed* than customers with utilitarian user motivations (p-value = 0.000), which supports H6B. As illustrated in Table 21,Airbnb customers with hedonic user motivations score on average 5,1 when it comes to calculative commitment, whereas Utilitarian customers score 4,8 on average. When it comes to sustainable commitment, the ANOVA results found that sharing economy customers with *hedonic* user motivations are significantly *more sustainable committed* than customers with utilitarian user motivations (p-value = 0.000). Thus, H6C was confirmed. On average hedonic Airbnb customers score 5,1 on sustainable commitment, which is significantly higher than the utilitarian customers who only scores 4,3 on average (see Table 21)

Furthermore, hypothesis H7 was supported: Compared to customers with utilitarian user motivations, the ANOVA test illustrated in Table 21 show that customers with hedonic user motivations experience more positive emotions when they use sharing economy services (p-value = 0.000). In fact, hedonic Airbnb customers score on average 4,7 on positive emotions when they use Airbnb, which is much higher than the utilitarian customers who only scores 3,4.

Moreover, the results show that sharing economy customers with *hedonic* user motivations are significantly *more satisfied* than sharing economy customers with utilitarian user motivations (p-value = 0.000). Thus, hypothesis H9 was confirmed. As seen in Table 21, hedonic Airbnb customers score on average high on customer satisfaction with a value at 5,7, whereas utilitarian customers score 5,0. The ANOVA tests also show that sharing economy customers with *hedonic* user motivations are *more loyal* than sharing economy customers with utilitarian user motivations. This means that H10 was confirmed. As shown in Table 21 hedonic Airbnb customers score higher on loyalty with a value at 5,7 on average, whereas utilitarian Airbnb customers score 5,0.

To summarize, the results show that hedonic sharing economy customers on average score significantly better for all drivers of loyalty in our model, and they are even more satisfied and loyal. Hedonists also experience higher levels of all three types of commitment. Taken together, these findings suggest that hedonic sharing economy customers could be a valuable segment for sharing economy companies such as Airbnb.

Table 21 – *ANOVA tests of differences in user motivation*

	Mean values		**ANOVA**	
	Hedonic	**Utilitarian**	**Sig.**	**F**
H6A: Aff. commitment	5,4	4,4	0,000*	150,004
H6B: Calc. commitment	5,1	4,8	0,000*	19,801
H6C: Sust. commitment	5,1	4,3	0,000*	99,842
H7: Pos. emotions	4,7	3,4	0,000*	166,809

H8: Neg. emotions	1,9	2,2	0,000*	12,402
H9: Satisfaction	5,7	5,0	0,000**	108,118
H10: Loyalty	5,7	4,9	0,000**	91,218

*Note: *Significant at the 0.05% level and **at the 0.01% level*

5.7.3.2 Testing whether user motivation effects the strength between drivers and loyalty

As illustrated in Table 21 above, the ANOVA tests revealed that there were significant differences on all variables between the two different segments (Hedonic vs Utilitarian). Hence, the next natural step was to do a multigroup analysis to test if Airbnb customers' user motivations (Hedonic vs Utilitarian) could influence the strength between the different drivers in our model and loyalty; For example, satisfaction might have a stronger effect on Loyalty for hedonic Airbnb customers. Or calculative commitment might have a stronger effect on Loyalty for Utilitarian Airbnb customers. Building on this, we proposed that a sharing economy customer's user motivation (hedonic or utilitarian) could influence the relationship between the different drivers in our model, and loyalty. User motivation is described as a moderating variable in the model, meaning that the effect of variables such as Satisfaction, as well as Sustainable commitment, Affective commitment, Calculative commitment, Positive emotions and Negative emotions on the endogenous construct of Loyalty, depends on the values of user motivation (Hair et al. 2014c). Multigroup analysis in SmartPLS was used to test these moderation effects (see the results in Table 22 and 23 below).
Interestingly, the results showed that the sharing economy customer's user motivation had a significant different influence on the relationship between the three types of commitment and loyalty. First, in H11A, we proposed that Calculative commitment has a stronger effect on Loyalty for customers with utilitarian user motivations, compared to customers with hedonic user motivation in the sharing economy.

The results from the multigroup analysis show that hypothesis H11A was supported and significant at the 0.05% level (0,988>0,95). As illustrated in Table 22, the path coefficient from Calculative commitment to Loyalty is 0,137 bigger for utilitarian customers than for hedonic customer. Second, in H11B, we hypothesized that sustainable commitment has a stronger effect on loyalty for

customers with hedonic user motivations compared to for customers with utilitarian user motivations in the sharing economy. In the results, however, we do not find support for hypothesis H11B - not even significant at the 0.10% level. As illustrated in Table 22 the path coefficient from sustainable commitment to loyalty is actually 0.087 larger for utilitarian sharing economy customers than for hedonic customers. However, as mentioned, this difference is not even significant at the 0.10% level (0.874<0.90). Third, in H11C, we proposed that in the sharing economy, affective commitment have a stronger effect on loyalty for customers with hedonic user motivations compared to customers with utilitarian user motivations. However, no such effect was found (0.216>0.050), and H11C was not supported. As seen in table 22 the path coefficient from affective commitment to loyalty is only 0,079 higher for hedonic sharing economy customers than for utilitarian customers, which is not even significant at the 0.10% level.

Table 22 – *Influence of User Motivation on the commitment drivers of loyalty*

Moderating effect	**Path coeff. hedonic**	**Path coeff. utilitarian**	**Path coeff diff.**	**Sign.**
H11A: User motivation→ Calc. commitment → Loyalty	0,169	0,306	0,137	0,998**
H11B: User motivation→ Sust. Commitment → Loyalty	0,000	0,087	0,087	0,90
H11C: User motivation→ Aff. commitment → Loyalty	0,210	0,131	0,079	0,18

*** = Significant at the 0.05% level, *** = Significant at the 0.01% level*

In H12, we hypothesized that in the sharing economy, Satisfaction has a stronger effect on Loyalty for customers with hedonic user motivations compared to customers with utilitarian user motivation. As the results from Table 23 demonstrate, we find support for H12 at a 0.10% significance level. Thus, whether a customer sees Airbnb as giving pleasure, or just covering a functional need, affects the strength of customer satisfaction as a driver of loyalty in the sharing economy.

Moreover, in hypothesis H13, it was hypothesized that Positive emotions has a stronger effect on Loyalty for customers with hedonic user motivations compared to customers with utilitarian user motivation. As we can see from Table 23, we find support for H13 at a 0.05% significance level (0,962>0,95, t-statistic = xx).

Furthermore, in hypothesis H14, it was proposed that Negative emotions has a stronger effect on Loyalty for customers with hedonic user motivations compared to customers with utilitarian user motivation. However, no such effect was found (0.759>0.050), meaning that hypothesis H14 was rejected. As seen in Table 23, the path coefficient from Negative emotions to Loyalty was actually 0,060 higher for utilitarian sharing economy customers than for hedonic customers. However, this difference is not significant (0.759<0.90), which means that Negative emotions does not have a significantly stronger effect on Loyalty for utilitarian sharing economy customers. In other words, the effect of experiencing negative emotions when sharing economy customers use Airbnb is not significantly influenced by hedonic or utilitarian user motivations.

Table 23 - *Influence of User Motivation on the emotional drivers of loyalty – and the effect of satisfaction on loyalty*

Moderating effect	**Path coeff. hedonic**	**Path coeff. utilitarian**	**Path coeff diff.**	**Sign.**
H12: User motivation → Satisfaction → Loyalty	0,525	0,447	0,078	0,085*
H13: User motivation → Pos. emotions → Loyalty	-0,075	0,028	0,047	0,962**
H14: User motivation → Neg. emotions → Loyalty	-0,156	-0,096	0,06	0,759

*** = Significant at the 0.05% level, **** = Significant at the 0.01% level*

Even though only three of the six hypothesized moderating effects were supported, this does not preclude the possibility of user motivation to have a direct effect on Loyalty and the drivers of Loyalty. To summarize, the multigroup analysis showed that hedonic or utilitarian user motivation had significant effects

on: 1) The relationship between satisfaction and Loyalty (p-value = 0.10), 2) The relationship between positive emotions and Loyalty (p-value = 0.05) and 3) The relationship between Calculative commitment and Loyalty (p-value = 0.05).

5.8 Summary of Results and Empirical Model

In Figure 2, the empirical model is presented, with path coefficients and t-statistics.

Figure 2 – *Empirical Model*

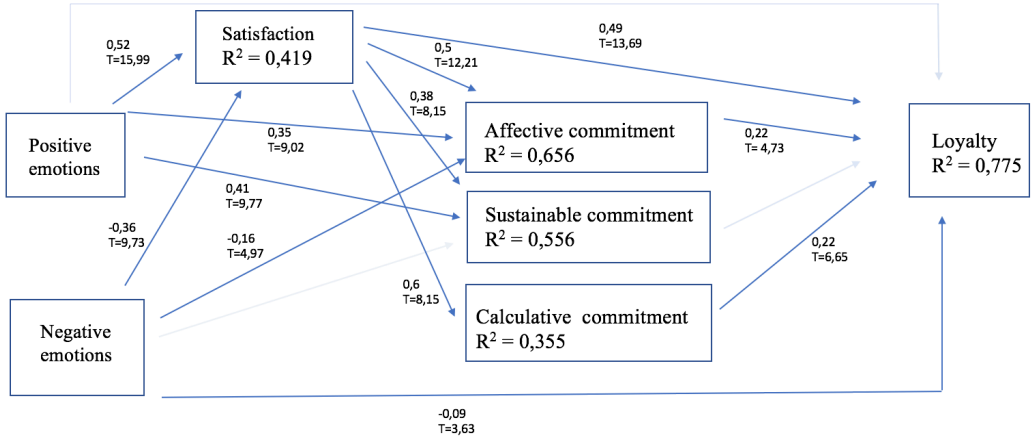


Table 24 shows a complete overview of all our hypotheses - and whether they were confirmed or rejected.

Hypotheses	Outcome
H1A: Affective commitment has a positive effect on customer loyalty in the sharing economy.	Supported
H1B: Calculative commitment has a positive effect on customer Loyalty in the sharing economy.	Supported
H1C: Sustainable commitment has a positive effect on loyalty in the sharing economy.	Not supported
H2: Satisfaction has a positive effect on loyalty in the sharing economy	Supported
H3A: In the sharing economy, positive emotions have a positive effect on loyalty.	Not supported
H3B: In the sharing economy, positive emotions have a positive effect on satisfaction	Supported

H3C: In the sharing economy, positive emotions has a positive positive effect on affective commitment	Supported
H3D: In the sharing economy, positive emotions have a positive effect on sustainable commitment	Supported
H4A: In the sharing economy, negative emotions have a negative effect on satisfaction	Supported
H4B: In the sharing economy, negative emotions have a negative effect on loyalty	Supported
H4C: In the sharing economy, negative emotions have a negative effect on sustainable commitment	Not supported
H4D: In the sharing economy, negative emotions have a negative effect on affective commitment	Supported
H5A: In the sharing economy, satisfaction has a positive effect on affective commitment	Supported
H5B: In the sharing economy, satisfaction has a positive effect on calculative commitment	Supported
H5C: In the sharing economy, satisfaction has a positive effect on sustainable commitment	Supported
H6A: Sharing economy customers with hedonic user motivations are more affectively committed than customers with utilitarian user motivations	Supported
H6B: Sharing economy customers with hedonic user motivations are more calculatively committed than customers with utilitarian user motivations	Supported
H6C: Sharing economy customers with hedonic user motivations are more sustainably committed than customers with utilitarian user motivations	Supported
H7: Compared to customers with utilitarian user motivations, customers with hedonic user motivations experience more positive emotions when they use sharing economy services	Supported
H8: Compared to customers with utilitarian user motivations, customers with hedonic user motivations experience less negative emotions when they use sharing economy services	Supported
H9: Sharing economy customers with hedonic user motivations, are more satisfied than sharing economy customers with utilitarian user motivations.	Supported

H10: Sharing economy customers with hedonic user motivations, are more loyal than sharing economy customers with utilitarian user motivations.	Supported
H11A: In the sharing economy, calculative commitment have a stronger effect on loyalty for customer with hedonic user motivations, compared to customers with utilitarian user motivations	Supported
H11B: In the sharing economy, sustainable commitment have a stronger effect on loyalty for customers with hedonic user motivations compared to customers with utilitarian user motivations	Not supported
H11C: In the sharing economy, affective commitment have a stronger effect on loyalty for customers with hedonic user motivations compared to customers with utilitarian user motivations.	Not supported
H12: In the sharing economy, satisfaction have a stronger effect on loyalty for customer with hedonic user motivations, compared to customers with utilitarian user motivations.	Supported
H13: In the sharing economy, negative emotions have a stronger effect on loyalty for customer with hedonic user motivations, compared to customers with utilitarian user motivations.	Not supported
H14: In the sharing economy, positive emotions have a stronger effect on loyalty for customer with hedonic user motivations, compared to customers with utilitarian user motivations.	Supported

6.0 Discussion of Findings

The main purpose of this thesis was to investigate the drivers of customer loyalty in the sharing economy. First and foremost, we wanted to study to what extent customer satisfaction, emotions and commitment predict customer loyalty. We also studied how the user motivation of the customer (utilitarian or hedonic) affects the relationship between the drivers and loyalty.

Solid results have been presented, and they provide a valuable theoretical contribution to the scarce literature of loyalty in the sharing economy. The significant findings also validate our conceptual framework and enable us to present a full model. As 22 of the 28 hypotheses were confirmed, this paper can

provide new and meaningful content that advance our understanding of how to create loyalty in the sharing economy.

Following, we will discuss our findings in the same order they were presented in the previous Results section.

6.1 Affective and Calculative Commitment as Loyalty Drivers

Our findings showed that of the three types of commitment, Calculative commitment had the strongest effect on loyalty, followed by Affective commitment, whereas Sustainable commitment did not have a significant impact. This indicates that price and cost savings, which were dominating items in the Calculative commitment construct, are important to create commitment, which again results in Loyalty. In fact, Calculative commitment seems to be slightly more important than Affective commitment, given the stronger path coefficient between Calculative commitment and Loyalty. This might be attributed to the fact that customers do not have regular contact with employees working for Airbnb, and hence it might be harder to develop an emotional bond to Airbnb as a brand rather than for example staying at a hotel where you get personal service from employees. Nevertheless, our study shows that the more affective committed sharing economy customers are, the more loyal they become. This is supported by Mao and Lyu (2017), who found that unique experience expectation has a positive influence on intention to repurchase from Airbnb. Since previous studies also suggest that seeking a unique experience is a major driver for travelers to use Airbnb (Guttentag, 2015; Tussyadiah and Pesonen, 2015; Yannopoulou et al., 2013), we added this component under the Affective commitment construct in our model, as elaborated under the Methodology section. As Mao and Lyu (2017) notes: "T*ravelers are increasingly looking for meaningful, memorable, personal, and unique experiences during their trip so that they can feel fully engaged (Forno and Garibaldi, 2015) (...) Consumers even associate Airbnb with "real people with a real home" and "making real-life friends"*.

However, a recent meta-analysis (Tanford, 2016) which investigated the importance of different drivers of loyalty in 102 studies, found that Affective commitment had the second highest effect on Loyalty. Looking at the total effects on loyalty in this master thesis on the other hand, we see that Affective

commitment only has the fifth strongest total effect (0,197) whereas Calculative commitment has the fourth strongest total effect on loyalty (0,229). Overall, these results indicate that Calculative commitment might play a more important role in the context of sharing economy services such as Airbnb compared to traditional services. However, this must not be interpreted such that Affective commitment is not important, especially not since Positive emotions has the second highest total effect (0,460) on loyalty. A strong emotional bond to Airbnb also has a significant effect on loyalty. This is in line with the study "How Affective Commitment Boosts Guest Loyalty" (Mattila, 2006), where it was found that customers in the hotel industry with high affective commitment to a brand were more loyal.

6.2 Sustainable commitment as a loyalty driver

The results show no support for the effect of Sustainable commitment on Loyalty, despite the increasing focus on sustainability and social responsibility in the sharing economy, as elaborated in the Literature Review section. Thus, Airbnb-customers who have high levels of Sustainable commitment do not appear to become more loyal. This is a surprising finding, given the fact that consumers are getting more aware of sustainability, and see sharing services like Airbnb as being better for the environment than traditional services (PWC 2014). Our finding is also somewhat conflicting with the study of Tussyadiah (2015), which found that sustainability and community were significant drivers of participation in sharing economy travel services. This conflict might imply that sustainability leads to participation, but that there are other factors that actually make the users loyal. However, in contrast to our sample, Tussyadiah's (2015) study was mostly based on respondents who had never used sharing economy services before, making it less comparable to our findings. Møhlmann (2015), however, used respondents who had experience with sharing economy services, and found that environmental impact had no effect on the likelihood of using the sharing services Airbnb or Car2Go again.

That no significant effect has been found between sustainability and loyalty, can be seen as conflicting with the classic Theory of reasoned action (Fishbein and Ajzen 1975), suggesting that behavioral intention is dependent on attitudes surrounding that behavior, and social norms. According to Fishbein and Ajzen, people behave in a way that correlates with their attitudes toward that behavior.

Thus, in light of the Theory of reasoned action, we should have seen that people's positive attitudes towards sustainability in the sharing economy translated into action - in terms of becoming more loyal customers. That Sustainable commitment does not lead to Loyalty - despite the positive attitudes towards sustainability and the high level of Sustainable commitment among our respondents (the average score for sustainable commitment in our study was 4,7 on a seven-point scale), can be explained by the so-called value-action gap (Kollmuss and Agyerman 2002). This gap suggests that an individual's values or attitudes do not correlate to his or her actions. In other words, there is a difference between what people say and what they do, which is often the case for environmental behaviors (Homer and Kahle (1988).

6.3 Satisfaction as the strongest loyalty determinant

This thesis clearly demonstrates that there is a clear link between satisfaction and loyalty for existing customers of Airbnb. An analysis of the total effects in Smart PLS showed that Satisfaction by far, has the biggest total effect on loyalty (0,756) for Airbnb customers, almost twice as much total effect as the second highest total effect on loyalty which was positive emotions (0,460). Looking at the all direct path coefficients to loyalty, satisfaction also had the strongest direct effect (0,508) This confirms that satisfaction is the most important loyalty determinant, which was also found in a recent meta-analysis of 102 studies (Tanford, 2016). As this thesis shows, the importance of satisfied customers to increase loyalty seems to be especially important in the sharing economy.

6.4 Positive emotions

The results show that emotion is a significant driver of almost all constructs in the model. Positive emotions had a direct effect on Sustainable commitment (0,407). This means that existing customers who experience positive feelings when they use Airbnb get significantly more sustainable committed.

Positive emotions have in a range of studies, as previously discussed, been found to directly impact customer loyalty. For example, Wong (2004) found that emotional satisfaction (*emotions*) had a significant positive effect on customer loyalty. However, in this study, we grouped emotions in both positive- and negative emotions, and found no direct effect of Positive emotions (joy, love and

positive surprise) on Loyalty. This was quite surprising, because positive emotions in the past have been found to directly impact customer loyalty. A reason for this inconsistent finding can be that we have other constructs in our model that share much of the same content as Positive emotions. For instance, Affective commitment is also an affective construct, and Satisfaction is likely to share some similarities with Positive emotions. This can be seen in light of Bagozzzi's (1999) statement that it is unclear if satisfaction is phenomenologically distinct from other positive emotions, and Oliver's (1999) view that it can only be concluded with some degree of certainty that there is unique emotional content to the satisfaction response. Thus, it can be possible that we find no significant direct effect between Positive emotions and Loyalty, because the effects are found from Affective commitment and Satisfaction instead.

However, we wanted to see if Positive emotions had indirect effects on Loyalty. In our model, Positive emotions had indirect paths to Loyalty through three other constructs: Satisfaction, Sustainability and Affective commitment. However, of these three, only Satisfaction and Affective commitment had a direct effect on Loyalty. Thus, mediation analyses were performed for only these two constructs. We found that both Affective commitment and Satisfaction are significant mediators of the effect of Positive emotions on Loyalty. The results indicate that it is not necessarily enough for customers to experience high levels of Positive emotions when they use Airbnb to become more loyal. They also need to experience high levels of the more cognitive Satisfaction construct to become more loyal, as can be seem from the strong mediation effect that Satisfaction has. This finding however, shows, as Oliver (1997) claims, that emotions coexist next to various cognitive judgements in producing satisfaction and loyalty. It also strengthens the need to separate cognitive measures of satisfaction and emotions, as we have done in this study.

Affective commitment was also found to be a highly significant mediator of the effect of Positive emotions on Loyalty. Because Affective commitment and emotions naturally share many similarities, this is not necessarily surprising. However, it is interesting to see that two constructs which are that similar, have such different effects on Loyalty. While Positive emotions have no direct effect on

Loyalty, Affective commitment has a strong significant effect. This can be explained in light of Oliver's four stage loyalty process (1997), where commitment is a stronger driver in the conative stage, compared to emotions being the main driver in the previous affective loyalty phase. This suggests that having positive emotions is not enough to be loyal - as the customer needs to feel a deeper kind of commitment to Airbnb to be loyal. According to Oliver (1997), this is something that develops over time. Furthermore, as the average respondent has used Airbnb 3,72 times and nearly 50% of our sample have used Airbnb from 4 to 12 times, it could be that most of the Airbnb customers in our sample are in the third conative phase, which might have an impact on our results. For example, we could possibly have found a significant direct effect of positive emotions if it were customers in the first cognitive phase; if a customer that never had used Airbnb experienced positive emotions when he used Airbnb, it is natural to assume that the direct effect on loyalty would have been stronger compared to an active Airbnb customer that have already used Airbnb 10 times.

6.5 Negative Emotions

The respondents in our study were asked to rate how they experienced the negative emotions of worry, guilt and fear when they used Airbnb. In contrast to Positive emotions, Negative emotions had a significant direct effect (-0,083) on Loyalty. This might seem surprising at first, but can be explained in light of prospect theory, where people usually value a loss more significantly than they value an equal amount of gain (Kahneman and Tversky, 1979). The theory states that losses cause a greater emotional impact on an individual than an equivalent amount of gain. In the setting of the sharing economy - this can for instance mean that if a customer experiences fear when staying at Airbnb, this negative feeling has a stronger impact on loyalty than the potential positive feeling of Joy, which the customer can also have experienced during his or her stay. That Negative emotions have a significant direct effect on Loyalty, while Positive feelings do not, can also be viewed in light of the negativity bias (Kanouse & Hanson 1972). This bias refers to the notion that things of a more negative nature (e.g. unpleasant thoughts or emotions) have a greater effect on a person's psychological state and processes than do neutral or positive things (e.g. Baumeister et al 2001; Lewicka et al 1992; Rozin & Royzman 2001). Thus, this bias can explain why Negative emotions has a direct effect on loyalty in the sharing economy, while Positive

emotions do not. In the multi group analysis, however, we found no support that Negative emotions have a stronger effect on Loyalty for customers with hedonic user motivations compared to customers with utilitarian user motivation.

In our model, Negative emotions had three indirect paths to Loyalty - through Satisfaction, Affective commitment and Sustainable commitment. Moreover, Satisfaction and Affective commitment were found to be significant mediators of the effect of Negative emotions on Loyalty. However, the results did not show the same type of pattern for the effect of Negative emotions on Satisfaction or Sustainable commitment as Positive emotions had. Interestingly, Negative emotions has a somewhat stronger effect on Satisfaction (-0,364) than on affective commitment (-0,163). In practice this means that when existing Airbnb customers experience negative feeling as they use Airbnb, they will first and foremost be less satisfied, but also less affective committed, but since the model shows that satisfaction have the strongest effect on loyalty this effect of negative emotions will therefore have a negative indirect effect on loyalty through satisfaction. Furthermore, Positive emotions with a beta coefficient at 0,349 is a stronger driver of Affective commitment than Negative emotions who only had a beta-coefficient at -0,163. This is in line with Hirschman and Holbrook (1982), who also found that customers who experience positive consumption-related emotions in a hedonic context (e.g. vacation or travelling) have strong forms of commitment. Turning to the effect of emotions on sustainable commitment, we found some contradictory findings. While Positive emotions has a direct effect on Sustainable commitment (0,407), Negative emotions has no effect (-0,016) on sustainable commitment. It is good news for Airbnb that negative emotions do not seem to affect customers sustainable commitment to Airbnb which is actually at a quite high level - the mean value for sustainable commitment is 4,72 (on a scale from 1 to 7). However, sustainable commitment does have a significant impact on loyalty, which might suggest that it is not so important to focus on sustainability for sharing economy companies. On the other hand, it is more interesting for Airbnb to know that existing customers who experience positive feelings when they use Airbnb actually get significantly more sustainable- and affectively committed.

6.6 The effects of Satisfaction on Commitment

Satisfaction was found to significantly impact all three types of commitment in the sharing economy, but especially Calculative commitment. No studies in the sharing economy have investigated this relationship previously, but support for this relationship can be found in Wetzels et al's study (1998), where the effect of Calculative commitment on Satisfaction was significant. That Satisfaction has the strongest effect on Calculative commitment compared to Affective-, and Sustainable commitment, can be explained by the fact that the Satisfaction construct in our model contains cognitive and rational measures of customer satisfaction. Thus, it is reasonable that this is a strong driver of Calculative commitment - which is also a highly cognitive and rational construct. In other words, if a customer believes that his or her expectation of Airbnb is met or exceeded, this translates into feeling a sense of commitment to Airbnb - which is characterized by calculative measures such as price, convenience and switching cost.

However, even though the Satisfaction construct is highly cognitive and rational, it also impacts how affectively committed the customer is. This contradicts Bansal et al's (2004) study, where the relationship between Satisfaction and Affective commitment was insignificant. However, the author explains this by pointing at multicollinearity between satisfaction and trust in his study. The significant effect of Satisfaction on Affective commitment in this thesis, is supported by several studies, even though none of them are done in the context of the sharing economy. Both Wetzel et al (1998) and Johnson et al. (2008) found that customer satisfaction enhances affective commitment. A rationale for this might be that our sample consists of respondents who have used Airbnb several times, of which all posit relatively high levels of customer satisfaction (see section 5.4). Thus, it is likely that these customers are so satisfied that their experience with Airbnb involves more than just expectations being met, but also affect. This view is supported by Grace and O'Cass (2004) and Sivadas and Baker-Prewitt (2000), who both claim that customers who have recently enjoyed satisfying performances may have a tendency to express more favorable brand attitudes and greater loyalty. Bansal et al (2004) also claim that customer satisfaction is a primary antecedent of Affective commitment.

Lastly, we found that Satisfaction is a significant driver of Sustainable commitment. There is no particular support for this finding in existing literature, as sustainable commitment was a construct created to fit the context of the sharing economy. However, it is not surprising that there is a strong relationship between these two constructs. We know that Satisfaction is a strong driver of Affective commitment. Because Sustainable commitment also contains affect, in terms of sense of obligation to stay with Airbnb, it is reasonable that Satisfaction also affects Sustainable commitment in the sharing economy.

6.7 Hedonic and utilitarian user motivation

To identify and segment customers to find the most loyal individuals should be of particular interest for managers in the sharing economy. A study from 2016 showed that customers who have used either Uber, Lyft, or Airbnb within the past 90 days are more likely to try new brands than the average person, and more willing to switch from their utility provider, and shop at another store if it means saving some time or money (Hiebert, 2016). The results from hypothesis 6A to hypothesis 10, suggest that hedonic sharing economy customers could be a valuable customer segment, especially in the travelling industry for sharing economy companies such as Airbnb. Through ANOVA tests it was possible to check whether hedonic and utilitarian Airbnb customers differed from each other in terms of loyalty, satisfaction and the other drivers of loyalty in our model.

The results showed that customers in the hedonic segment were significantly more satisfied (H9) and loyal (H10), compared to customers with utilitarian user motivations. Interestingly, hedonic customers also seem to be more concerned with green travelling and sustainability. Hedonic sharing economy customers are more affectively- (H6a), calculatively- (H6b) and sustainably (H6c) committed. A possible explanation for this could be that hedonic customers are more social, positive and committed to the lifestyle of travelling and using sharing economy services like Airbnb, where you more easily can get to know local people through the service provider (e.g. Atle from Bergen). Compared to utilitarian customers, hedonic sharing economy customers also experience less negative emotions (H8) and more positive emotions (H7) when they use sharing economy services like Airbnb. It might be that hedonic customers tend to focus more on pleasure and

good experiences and less on the negative factors when they travel, which boosts their overall evaluation of the positive emotions they felt when they used Airbnb.

Because there were significant differences between all constructs for the utilitarian and hedonic customers, we went on to further test these differences through multigroup analysis in Smart PLS. We outlined six hypotheses (H11A-H14), of which we found support for three. First of all, user motivation moderates the effect of Satisfaction on Loyalty, where the effect is much stronger for people using Airbnb for hedonic reasons than for utilitarian reasons. Second, user motivation moderates the effect of Calculative commitment on Loyalty, where the effect is much stronger for people using Airbnb for utilitarian reasons. Third, user motivation moderates the effect of Positive emotions on Loyalty, where the effect of Positive emotions on Loyalty is stronger for the customers using Airbnb for hedonic reasons. That Calculative commitment is a stronger driver of loyalty for utilitarians can probably be explained by the fact that utilitarians are naturally more concerned about rationality (i.e. price and switching cost) than emotions. It could also be that many utilitarian customers in practice really are business travelers. According to a news article in The New York Times (Weed, 2015), there are signs that Airbnb is making inroads with business travelers, a critical group of customers to the hotel industry. According to the paper, Airbnb entered the corporate market in 2014, teaming with Concur, an expense management company, to allow Airbnb charges to appear directly on a traveler's expense form. The 11th of May 2015, Airbnb reported that just under 10 percent of its guests were traveling for business (Weed, 2015). This year, 23 percent of business travelers will use Airbnb, according to a report from late 2016 by Morgan Stanley Research (Molla, 2017), up from 18 percent last year. 46% of the Airbnb customers in our sample have utilitarian user motivations, which could for example be to save money. Utilitarian user motivation is therefore likely to be highly relevant for business travelers, and our results therefore seems to support the trend that increasing percentages of business travelers use Airbnb. *"They don't need the concierge and room service. They just want to save money."*(Weed, 2015)*,* said Mike Oshins, a hospitality management professor at Boston University, to New York Times. Professor Oshins claimed that travelers working for themselves or small companies were the most likely professionals to use Airbnb (Weed, 2015). This might strengthen the importance of calculative

commitment, which was shown to be a strong driver of loyalty in the sharing economy in this thesis.

The fact that Satisfaction is a stronger driver of Loyalty for hedonists than utilitarians can be because when hedonists are satisfied, the effect of Satisfaction on Loyalty becomes stronger – as there are also strong positive emotions underneath. Quite surprising, though, is that the effect of Sustainable commitment, and especially Affective commitment, on Loyalty, is not stronger for hedonic customers than utilitarian customers. However, since hypothesis H1C showed that Sustainable commitment does not have a positive effect on loyalty in the sharing economy, it seems reasonable that user motivation does not moderate this relationship. One can possibly wonder if this effect would have been stronger for hedonic customers if it was a different context, for example hedonic customers in the traditional hotel industry. We can only speculate, but in contrast to traditional hotels where Affective commitment has been found to boost guest loyalty (Barsky & Nash, 2002), Calculative commitment seems to be more important in the sharing economy with service providers like Airbnb. Furthermore, Airbnb customers has less contact with service personnel working for Airbnb compared to hotel customers who often have far more extensive and personal contact with hotel staff such as waiters in the restaurant, the concierge, etc. Therefore, in traditional hotel business, it might be that the effect of Affective commitment on Loyalty would be stronger for hedonic customers than utilitarian customers. For instance, Airbnb-customers might experience less personal contact with people/personnel, limiting them to experience strong affective commitment.

Overall, based on the results from the ANOVA tests and multigroup analysis, it is arguable that the likelihood of becoming loyal to a product or a service in the sharing economy is likely to be dependent on the customer's user motivation, which also further strengthens the importance of the hedonic customer segment in the sharing economy.

6.8 Managerial Implications

The results of this thesis provide valuable insights for managers of B2C collaborative consumption services, with high relevance for especially retention of customers. As participants in the sharing economy, Airbnb and its hosts should

adjust their services to meet existing customers' needs and to focus on the factors that have direct or indirect influence on customer loyalty. First and foremost, the results from this study demonstrate the undisputable importance of having satisfied customers to increase loyalty. As satisfaction appears to be the most influential driver, Airbnb and its hosts need to boost the satisfaction of their existing customers by magnifying the effects of its positive antecedents (i.e., through commercials or loyalty programs focusing on positive emotions) and minimize the effect of its negative antecedents (i.e., perceived risk or negative emotions such as worry).

The findings also show that calculative commitment, which in practice means lower prices, high switching costs and a convenient accommodation option when travelling, is the strongest of the three commitment drivers of loyalty. Thus, managers should focus on having lower prices than traditional services, and making sure to have convenient solutions to keep their customers loyal. One key question for Airbnb then, is how to keep customers with utilitarian user motivations who are very concerned about price and switching costs. According to a recent news article *"approximately 70 percent of room nights for the U.S. lodging industry are business stays"* and *"half of those who used Airbnb last year used it to replace a traditional hotel stay, according to a Morgan Stanley report"* (Molla, 2017). We would therefore recommend Airbnb to develop a customer loyalty program for business travelers with utilitarian user motivations, since calculative commitment has a stronger effect on loyalty for this customer segment. Airbnb managers should therefore work on improving the experience for business travelers with utilitarian user motivations, and partner with large companies to accommodate their employees travel needs. As Matteo Gamba points out: *"It's common for business travelers to travel back to same location and building a relationship with a particular host can increase the likelihood of repeated bookings"* (Gamba, 2015).

However, even though our findings suggest that calculative evaluations such as satisfaction and calculative commitment are strong drivers of loyalty, managers should adapt their market activities to respond to the fact that also affective measures such as positive and negative emotions, and affective commitment – drive customer loyalty and satisfaction. In particular, managers need to make sure

that measures are implemented and communicated to respective stakeholders to minimize the likelihood of negative emotions to occur when using sharing services, as the effect of negative emotions us detrimental to creating loyalty, to a much larger degree than positive emotions contribute to drive loyalty. More specifically, this could imply marketing campaigns with the goal of reducing perceived risk when using sharing services, for instance when it comes to financial-, or safety risks. This is something that could trigger negative emotions, such as worry or fear, which was found to have direct negative effects on customer loyalty among Airbnb customers.

One of the most surprising results in our study was the missing effect of sustainable commitment on loyalty. Commercials and campaigns showing that sharing economy companies offer for example a "greener way of travelling" does not appear to have a significant impact on loyalty. This suggest that managers, who want to increase retention, should not focus on sustainability, but rather improve satisfaction and calculative commitment, and minimize negative emotions.

Our findings also make it important for managers to realize the huge possibilities that lie in the existing customer base of hedonic customers. The findings contribute to confirm Hedonic- and Utilitarian sharing economy customers as two different segments, which is valuable consumer insight for managers interested in segmenting and developing loyalty programs based on user motivations. If, for example price (which is the most dominant aspect of the calculative commitment construct) or positive emotions, were to be applied as an instrument in a loyalty program or commercial to improve loyalty of a service in the sharing economy such as Airbnb, managers must be aware that this effect is likely to be weakened if the customer segment consists of customers with utilitarian user motivations. Furthermore, the results show that hedonic Airbnb-users are more loyal, and also posit higher levels of all types of commitment, as well as positive emptions than utilitarians. Loyal customers are much more valuable to a company in terms of ROI, than customers who are less loyal. Thus, we would advise managers to be aware of this when making investments. With today's enormous opportunities in digital marketing to customize different messages to different customer segments, managers can for instance use Facebook Business Manager to identify and create

relevant content for e.g. existing hedonic Airbnb customers. Furthermore, more advanced CRM-systems (e.g. HubSpot) can be used to attract, track and make existing hedonic sharing economy customers more loyal; for example, Airbnb can create a blog with inspiring videos and reportages from Airbnb customers who have travelled in different cities with Airbnb.

6.9 Theoretical Contribution

This thesis makes unique contributions to the literature on collaborative consumption, and shed light on customer loyalty in the sharing economy – where previous research has been focused around acquisition rather than retention. More specifically, we study differences in the drivers of customer loyalty between hedonic and utilitarian users of Airbnb, which has never been done before. We also contribute by incorporating commitment, and particularly the three types of commitment (Affective, Calculative and Sustainable) as a mediator of drivers of loyalty in the sharing economy. No previous research has studied commitment as a multi-item construct in the sharing economy, and very little on commitment in general, which makes this a major theoretical contribution. Even though the sharing economy is very often portrayed as being environmentally friendly, very little research has been done on this topic – and no research has been done on whether sustainability is something that affects loyalty. By incorporating Sustainable commitment, we contribute to the research – even though no significant effects on this type of commitment on loyalty was found. The major contribution regarding this construct lies in our creation of a scale to measure how sustainably committed sharing economy customers are. Another important contribution with this thesis is the consideration of emotions, both positive and negative, as drivers of customer loyalty. Very little research has been done on this previously, despite the fact that emotions play a dominating role in especially the marketing of such services, as well as travel being hedonic and emotional by nature.

6.10 Limitations and Further Research

Finally, there are some limitations of this study that need to be discussed. First, this study used only Airbnb customers in a B2C context. Thus, the external validity of the study might be weaker than if several cases and/or industries were used. Future research should investigate additional cases and industries of, e.g. the

taxi service Uber, to verify the results presented in this paper and to identify potential context-specific effects on loyalty. A possibility could be that Affective commitment can be less important for creating loyalty for Uber than Airbnb, because taxi services can be considered more utilitarian than hedonic. Second, our study used a sample taken from Amazon Mechanical Turk, where participants have monetary incentives to answer surveys. It is also a possibility that people using this platform share some similarities (e.g. tech savvy people). that are not necessarily of advantage when wanting a representative sample and external validity. Future researchers should therefore strive to use an even more representative sample of sharing economy customers to further strengthen the external validity.

Third, our study is based solely on self-reported data from the respondents, meaning that we do not know if they are speaking the truth, or if what they say is reflected in their behavior. Thus, there is a need for behavioral measures when studying the sharing economy, because we know that especially intentions not always translate into action. This is especially important when it comes to the environmental aspect of the sharing economy, where there is very often a mismatch between what people say and what they do. An especially interesting study design would be an experiment, for instance by exposing people to different environmental messages – and observe how these affects their choices of service provider.

As this paper has studied loyalty in the sharing economy by using an overall model with several constructs, more research should be done to further describe loyalty in relation to each of the constructs and to identify other potential factors that might affect Loyalty. Since both Affective commitment and Calculative commitment are significant drivers of Loyalty, the managerial relevance of this topic would increase with further research in both utilitarian and hedonic product and service categories. This is to get a detailed picture of how the need for Affective commitment and Calculative commitment attributes (e.g. price and user friendly service on community-based online services) will affect different product categories, and how such attributes may strengthen the performance of more utilitarian products and services like Uber. It would also be interesting to get a detailed view of what that drives Calculative commitment, especially since

Calculative commitment turned out to have the second strongest driver of loyalty (B = 0,229) after satisfaction (B = 0,510). As the R^2 for Calculative commitment only explained 35,5% of the variance in Calculative commitment, further research could use Calculative commitment as a dependent variable to find more specific drivers for Calculative commitment, such as for instance price, ease of use of the Airbnb platform, switching costs, perceived service quality, etc.

Furthermore, the role of sustainability should be further investigated by researchers in the future. Even though people claim to care for the environment and adapt their behavior accordingly, our results show that sustainability is not a significant driver of loyalty. Further research should study this so-called value-action gap - and investigate if there are possible interrelationships with other constructs that can help to understand a potential connection between sustainability and loyalty in the sharing economy. It would also be interesting to know more about how Festinger's (1975) classic theory on cognitive dissonance plays out in the context of the sharing economy, as it is likely that many people might experience cognitive dissonance when not choosing sharing services, even though they believe they should.

It is also evident that more research should be done in the sharing economy to further describe and identify other potential factors than Positive emotions and Negative emotions, that affect Satisfaction. In the sharing economy, this will have high managerial relevance since Satisfaction was found to have the biggest impact on Loyalty. For example, if electronic-word-of mouth or web-reviews influence Satisfaction and Purchasing intentions in the sharing economy could be a topic for further research.

Finally, the research framework presented in this study is by no means the only model for predicting loyalty in the sharing economy. Other social, cognitive, technological, and social demographic factors, such as past experience, trust, perceived ease of use, previous experience with technology, gender, and age can be included in future studies to develop a more comprehensive model.

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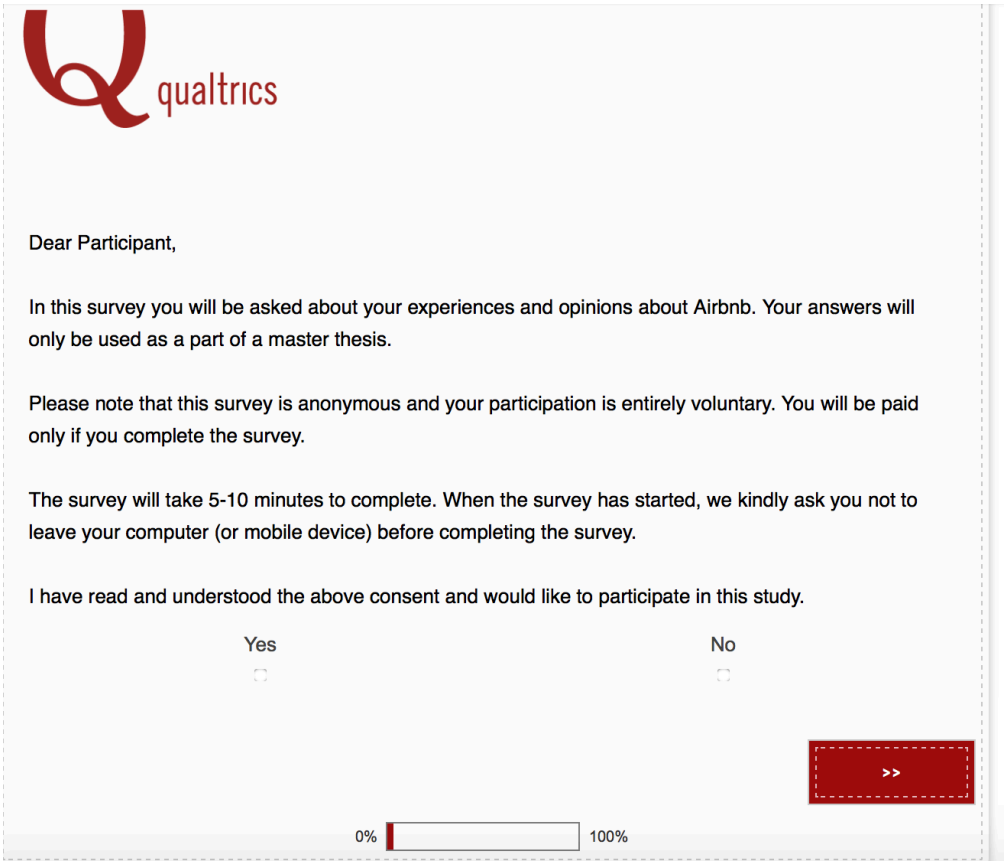
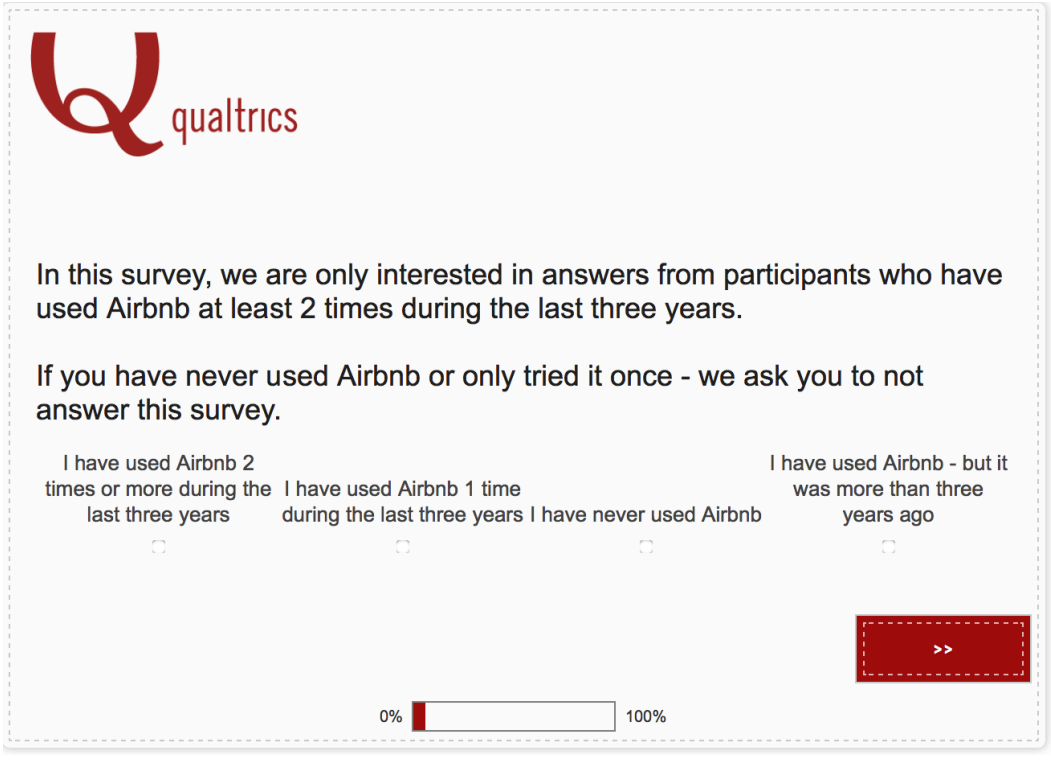
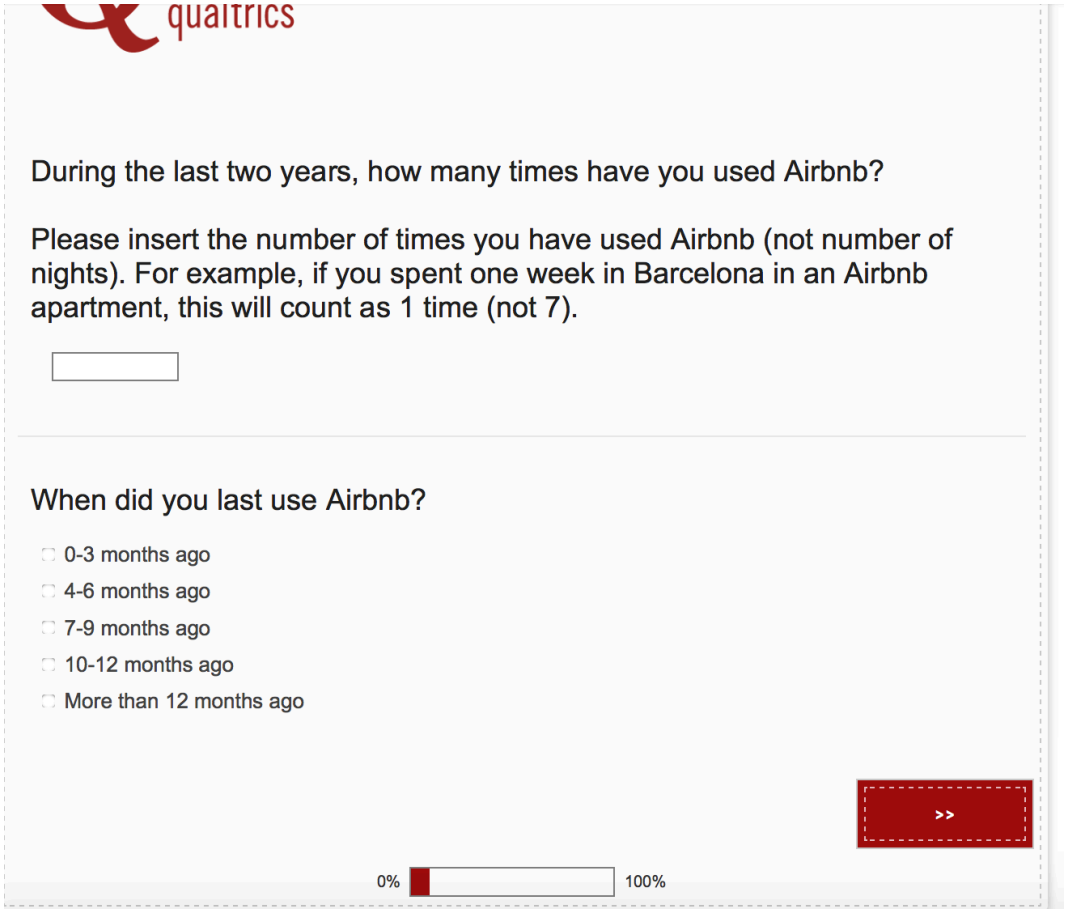
Appendix

Appendix 1 – Survey






qualtrics
During the last two years, how many times have you used Airbnb?
Please insert the number of times you have used Airbnb (not number of nights). For example, if you spent one week in Barcelona in an Airbnb apartment, this will count as 1 time (not 7).
When did you last use Airbnb?
0-3 months ago
4-6 months ago
7-9 months ago
10-12 months ago
More than 12 months ago
>>
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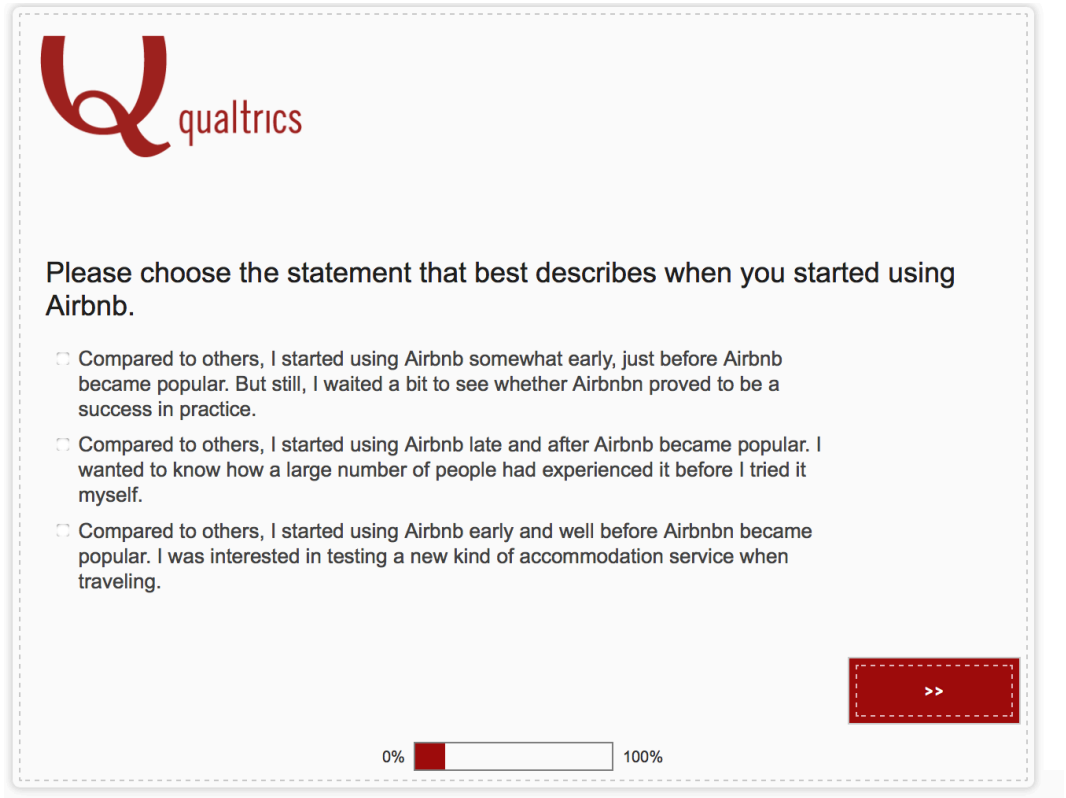
100%


qualtrics
Please choose the statement that best describes when you started using Airbnb.
Compared to others, I started using Airbnb somewhat early, just before Airbnb became popular. But still, I waited a bit to see whether Airbnbn proved to be a success in practice.
Compared to others, I started using Airbnb late and after Airbnb became popular. I wanted to know how a large number of people had experienced it before I tried it myself.
Compared to others, I started using Airbnb early and well before Airbnbn became popular. I was interested in testing a new kind of accommodation service when traveling.
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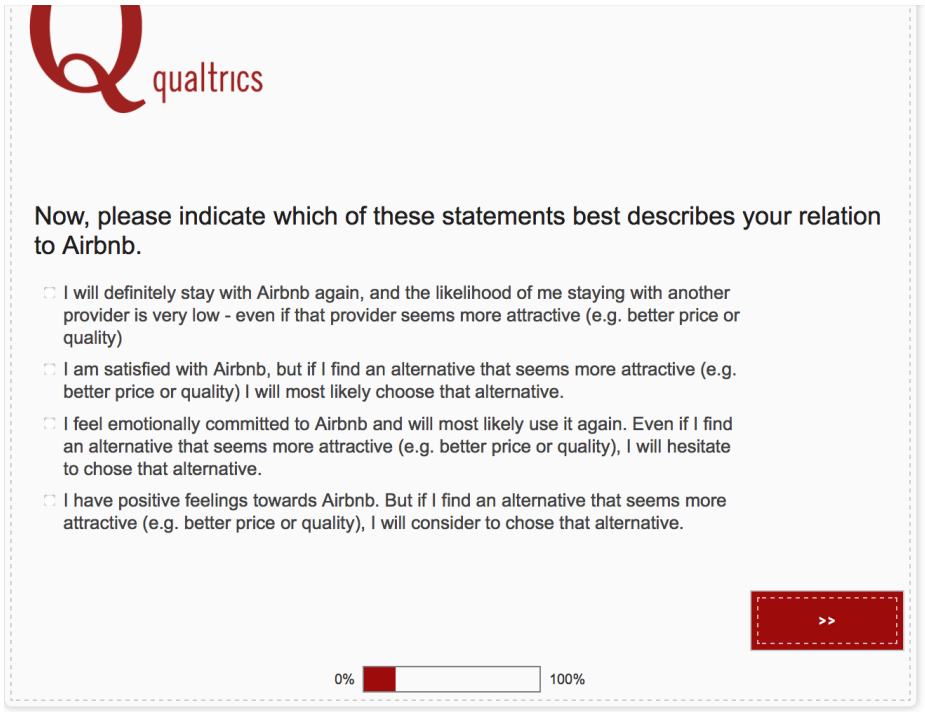
qualtrics
Now, please indicate which of these statements best describes your relation to Airbnb.
I will definitely stay with Airbnb again, and the likelihood of me staying with another provider is very low - even if that provider seems more attractive (e.g. better price or quality)
I am satisfied with Airbnb, but if I find an alternative that seems more attractive (e.g. better price or quality) I will most likely choose that alternative.
I feel emotionally committed to Airbnb and will most likely use it again. Even if I find an alternative that seems more attractive (e.g. better price or quality), I will hesitate to chose that alternative.
I have positive feelings towards Airbnb. But if I find an alternative that seems more attractive (e.g. better price or quality), I will consider to chose that alternative.
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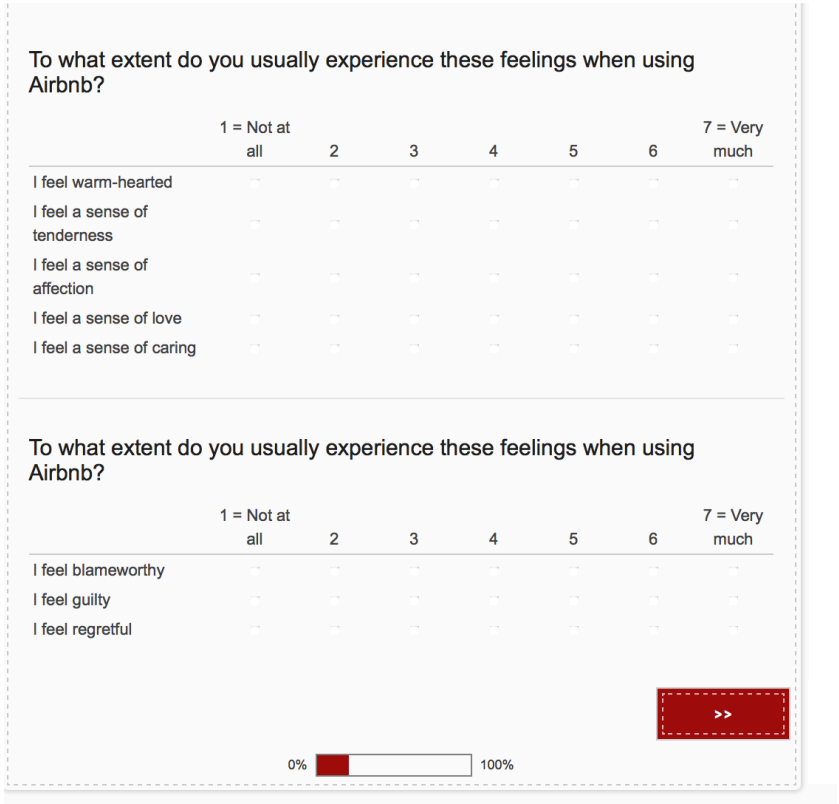
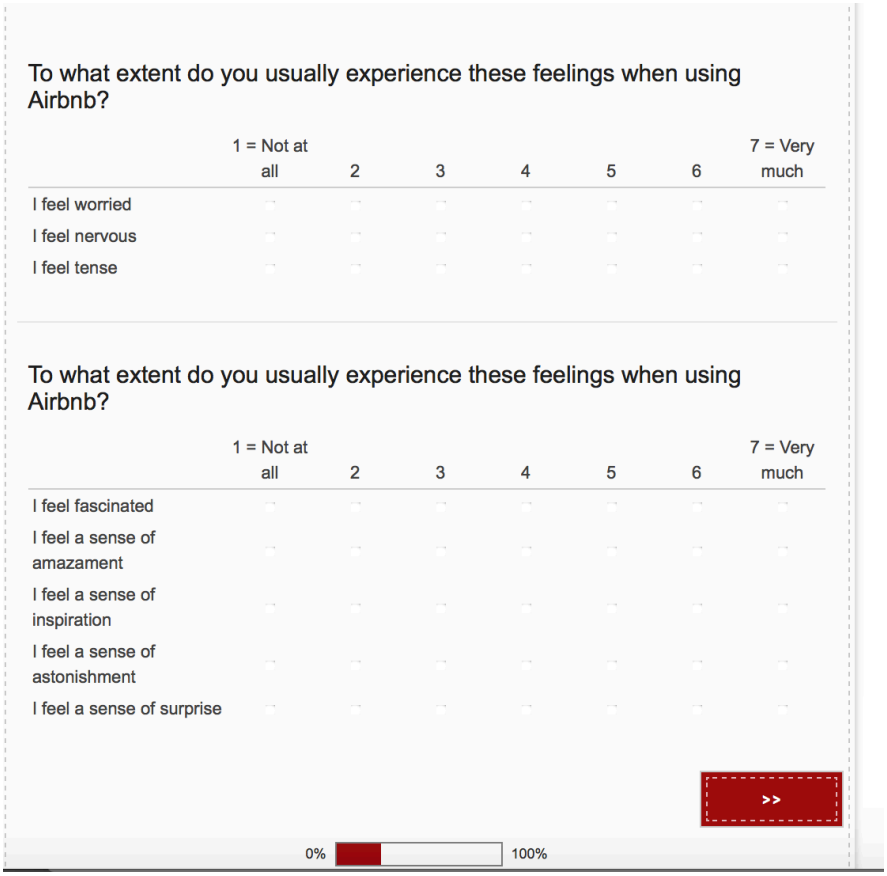

To what extent do you usually experience these feelings when using Airbnb?
1 = Not at all
2
3
4
5
6
7 = Very much
I feel warm-hearted
I feel a sense of tenderness
I feel a sense of affection
I feel a sense of love
I feel a sense of caring
To what extent do you usually experience these feelings when using Airbnb?
1 = Not at all
2
3
4
5
6
7 = Very much
I feel blameworthy
I feel guilty
I feel regretful
>>
0%
100%



To what extent do you usually experience these feelings when using Airbnb?

	1 = Not at all	2	3	4	5	6	7 = Very much
I feel worried							
I feel nervous							
I feel tense							

To what extent do you usually experience these feelings when using Airbnb?

	1 = Not at all	2	3	4	5	6	7 = Very much
I feel fascinated							
I feel a sense of amazament							
I feel a sense of inspiration							
I feel a sense of astonishment							
I feel a sense of surprise							

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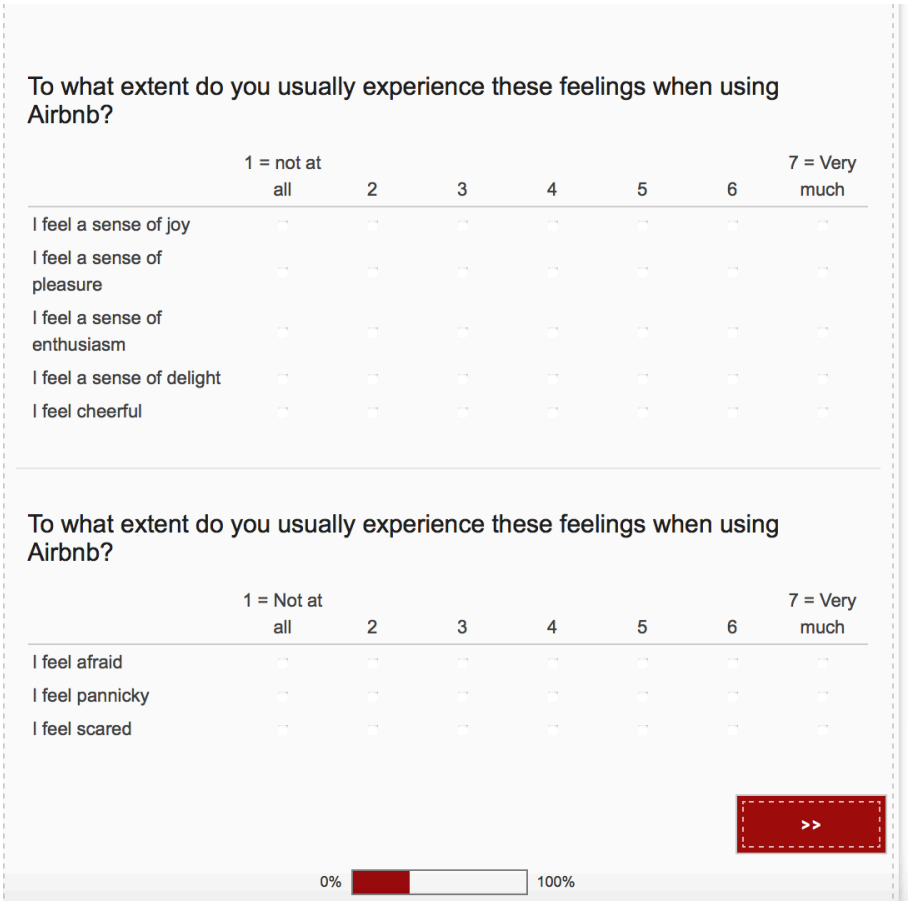

To what extent do you usually experience these feelings when using Airbnb?

	1 = not at all	2	3	4	5	6	7 = Very much
I feel a sense of joy							
I feel a sense of pleasure							
I feel a sense of enthusiasm							
I feel a sense of delight							
I feel cheerful							

To what extent do you usually experience these feelings when using Airbnb?

	1 = Not at all	2	3	4	5	6	7 = Very much
I feel afraid							
I feel pannicky							
I feel scared							

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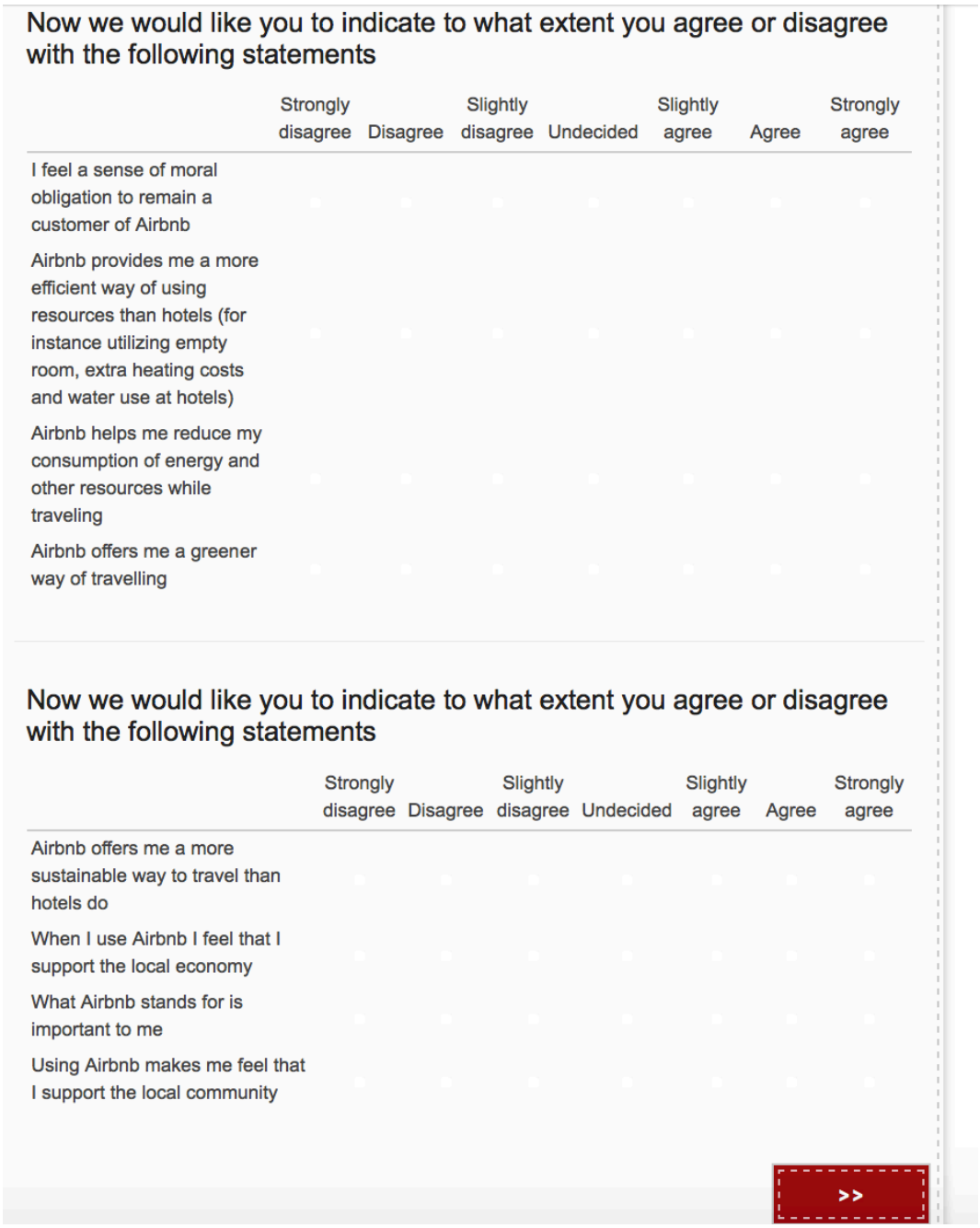

Now we would like you to indicate to what extent you agree or disagree with the following statements

	Strongly disagree	Disagree	Slightly disagree	Undecided	Slightly agree	Agree	Strongly agree
I feel a sense of moral obligation to remain a customer of Airbnb							
Airbnb provides me a more efficient way of using resources than hotels (for instance utilizing empty room, extra heating costs and water use at hotels)							
Airbnb helps me reduce my consumption of energy and other resources while traveling							
Airbnb offers me a greener way of travelling							

Now we would like you to indicate to what extent you agree or disagree with the following statements

	Strongly disagree	Disagree	Slightly disagree	Undecided	Slightly agree	Agree	Strongly agree
Airbnb offers me a more sustainable way to travel than hotels do							
When I use Airbnb I feel that I support the local economy							
What Airbnb stands for is important to me							
Using Airbnb makes me feel that I support the local community							

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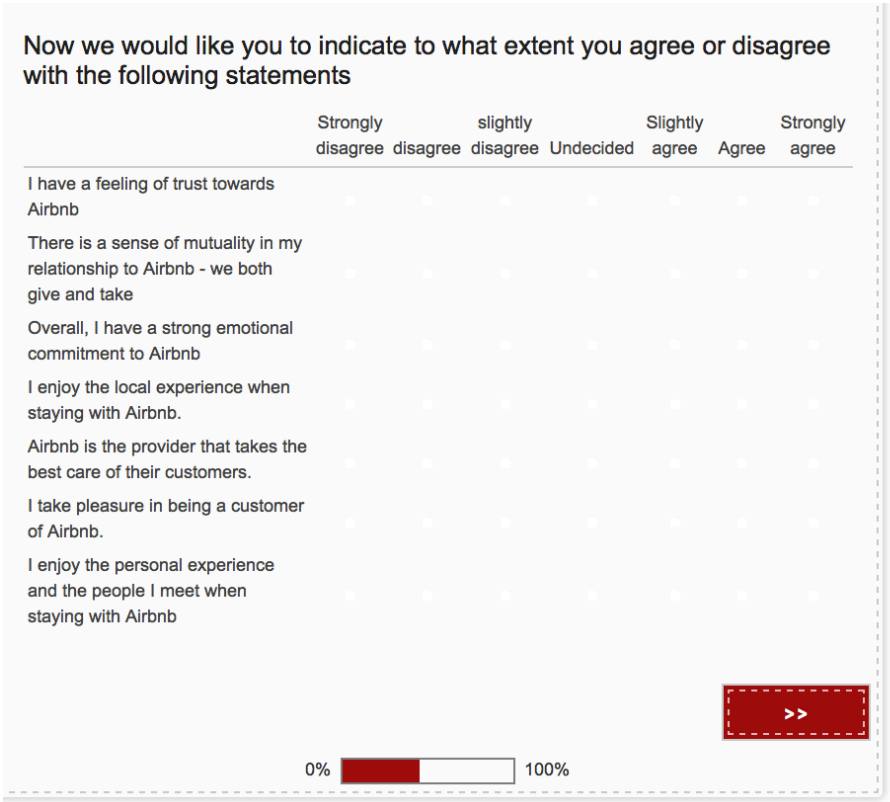
Now we would like you to indicate to what extent you agree or disagree with the following statements
Strongly disagree
disagree
slightly disagree
Undecided
Slightly agree
Agree
Strongly agree
I have a feeling of trust towards Airbnb
There is a sense of mutuality in my relationship to Airbnb - we both give and take
Overall, I have a strong emotional commitment to Airbnb
I enjoy the local experience when staying with Airbnb.
Airbnb is the provider that takes the best care of their customers.
I take pleasure in being a customer of Airbnb.
I enjoy the personal experience and the people I meet when staying with Airbnb
>>
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100%


qualtrics
Now we ask you to evaluate Airbnb's services. Please choose the statement that best describes your opinion about Airbnb.
Staying with Airbnb helps me solve a functional task, nothing more
Staying with Airbnb gives me pleasure and positive feelings.
>>
0%
100%

Now we would like you to indicate to what extent you agree or disagree with the following statements.

	Strongly disagree	Disagree	Slightly disagree	Undecided	Slightly agree	Agree	Strongly agree
I would suffer economically if my relationship with Airbnb ended and I had to use another accommodation service instead							
Airnbnb helps me lower my travel costs							
It pays off for me economically to be a customer of Airbnb							

Now we would like you to indicate to what extent you agree or disagree with the following statements

	Strongly disagree	Disagree	Slightly disagree	Undecided	Slightly agree	Agree	Strongly agree
It requires too much time and energy to switch from Airbnb to hotels							
It would be too costly for me to switch from Airbnb to a hotel.							

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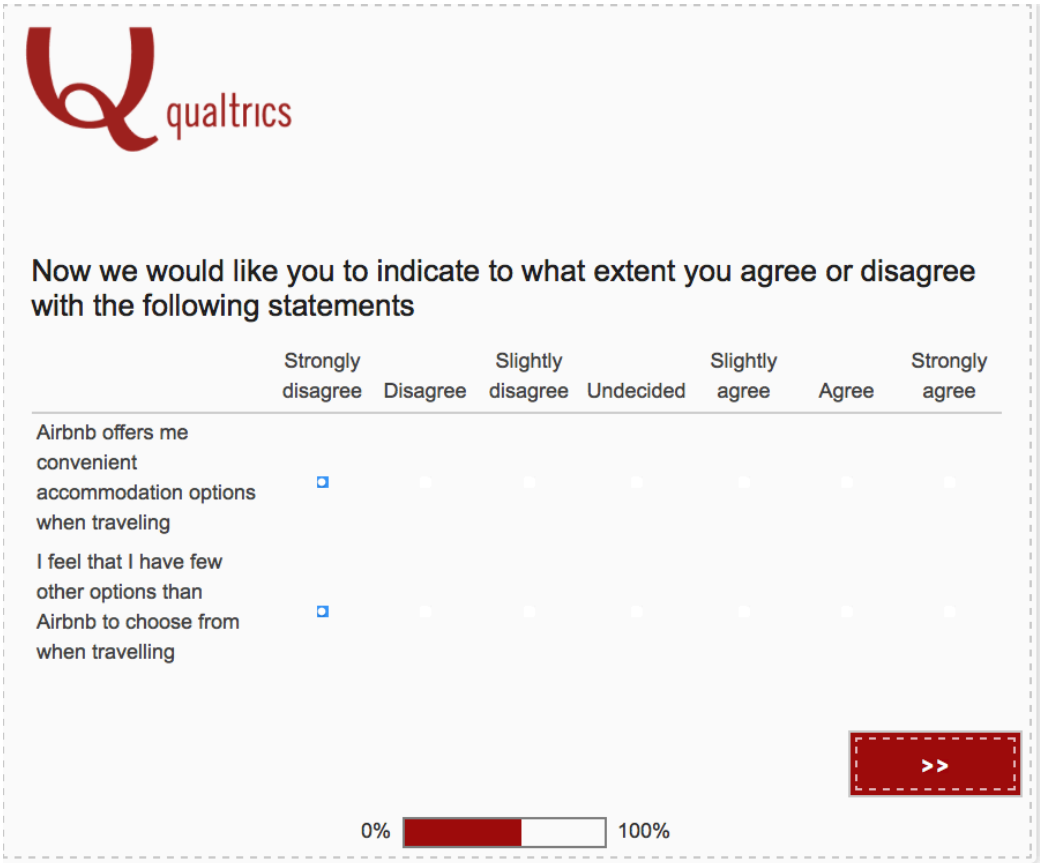

qualtrics

Now we would like you to indicate to what extent you agree or disagree with the following statements

	Strongly disagree	Disagree	Slightly disagree	Undecided	Slightly agree	Agree	Strongly agree
Airbnb offers me convenient accommodation options when traveling							
I feel that I have few other options than Airbnb to choose from when travelling							

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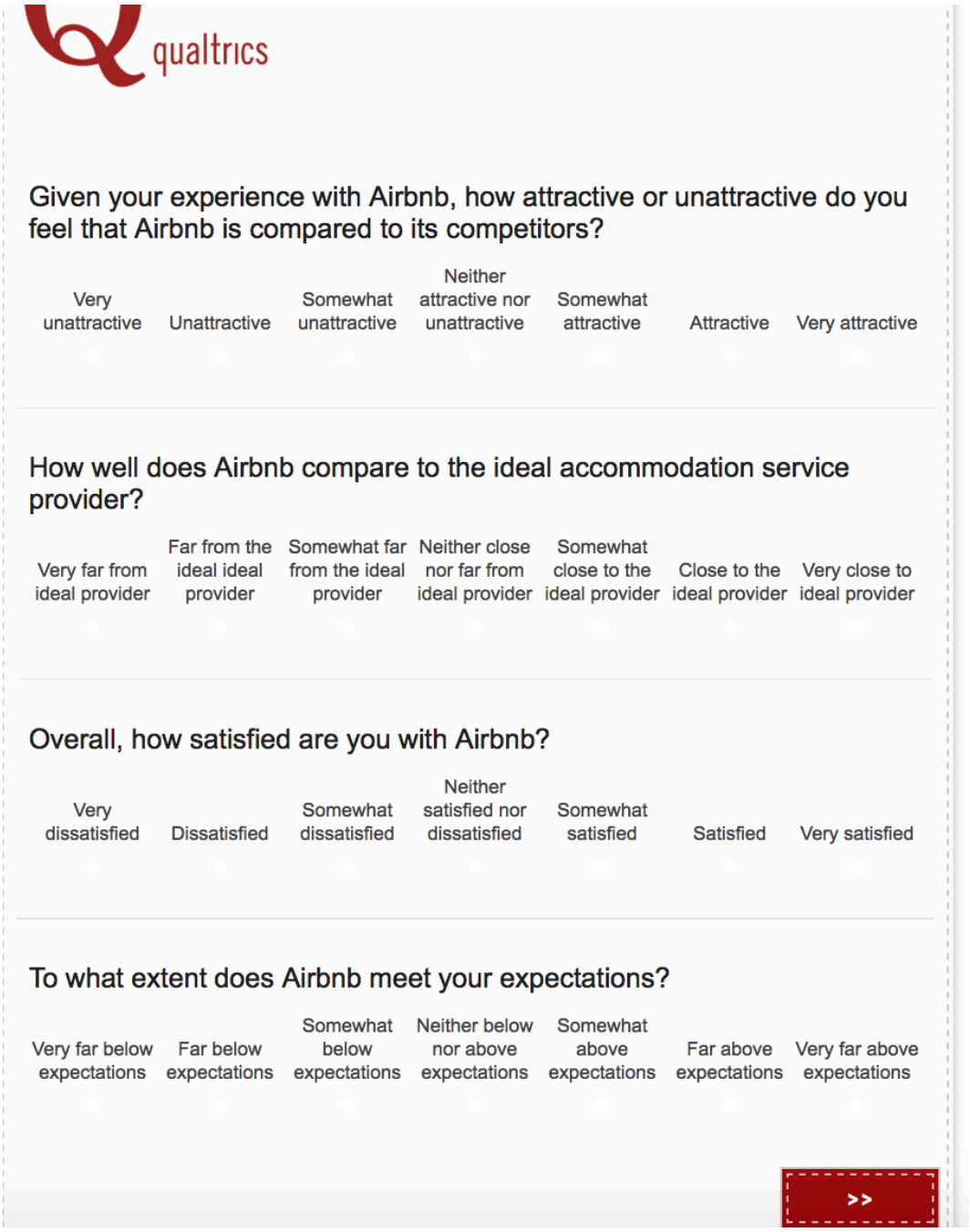
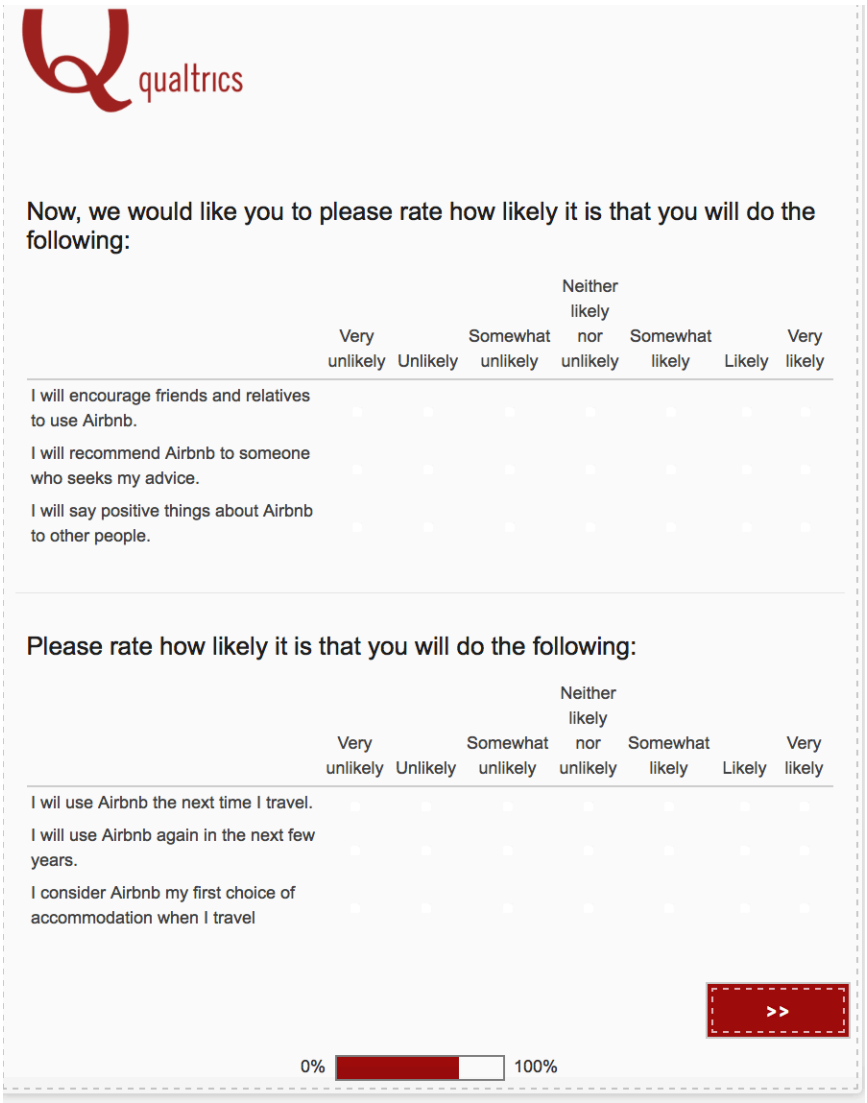

qualtrics
Given your experience with Airbnb, how attractive or unattractive do you feel that Airbnb is compared to its competitors?
Very unattractive
Unattractive
Somewhat unattractive
Neither attractive nor unattractive
Somewhat attractive
Attractive
Very attractive
How well does Airbnb compare to the ideal accommodation service provider?
Very far from ideal provider
Far from the ideal ideal provider
Somewhat far from the ideal provider
Neither close nor far from ideal provider
Somewhat close to the ideal provider
Close to the ideal provider
Very close to ideal provider
Overall, how satisfied are you with Airbnb?
Very dissatisfied
Dissatisfied
Somewhat dissatisfied
Neither satisfied nor dissatisfied
Somewhat satisfied
Satisfied
Very satisfied
To what extent does Airbnb meet your expectations?
Very far below expectations
Far below expectations
Somewhat below expectations
Neither below nor above expectations
Somewhat above expectations
Far above expectations
Very far above expectations
>>



qualtrics

Now, we would like you to please rate how likely it is that you will do the following:

	Very unlikely	Unlikely	Somewhat unlikely	Neither likely nor unlikely	Somewhat likely	Likely	Very likely
I will encourage friends and relatives to use Airbnb.							
I will recommend Airbnb to someone who seeks my advice.							
I will say positive things about Airbnb to other people.							

Please rate how likely it is that you will do the following:

	Very unlikely	Unlikely	Somewhat unlikely	Neither likely nor unlikely	Somewhat likely	Likely	Very likely
I wil use Airbnb the next time I travel.							
I will use Airbnb again in the next few years.							
I consider Airbnb my first choice of accommodation when I travel							

>>

0% 100%

qualtrics

Now, let us say you have travelled seven times over a period. Out of these seven times, how often do you use Airbnb compared to other providers of accommodation services?

1 time 2 times 3 times 4 times 5 times 6 times 7 times

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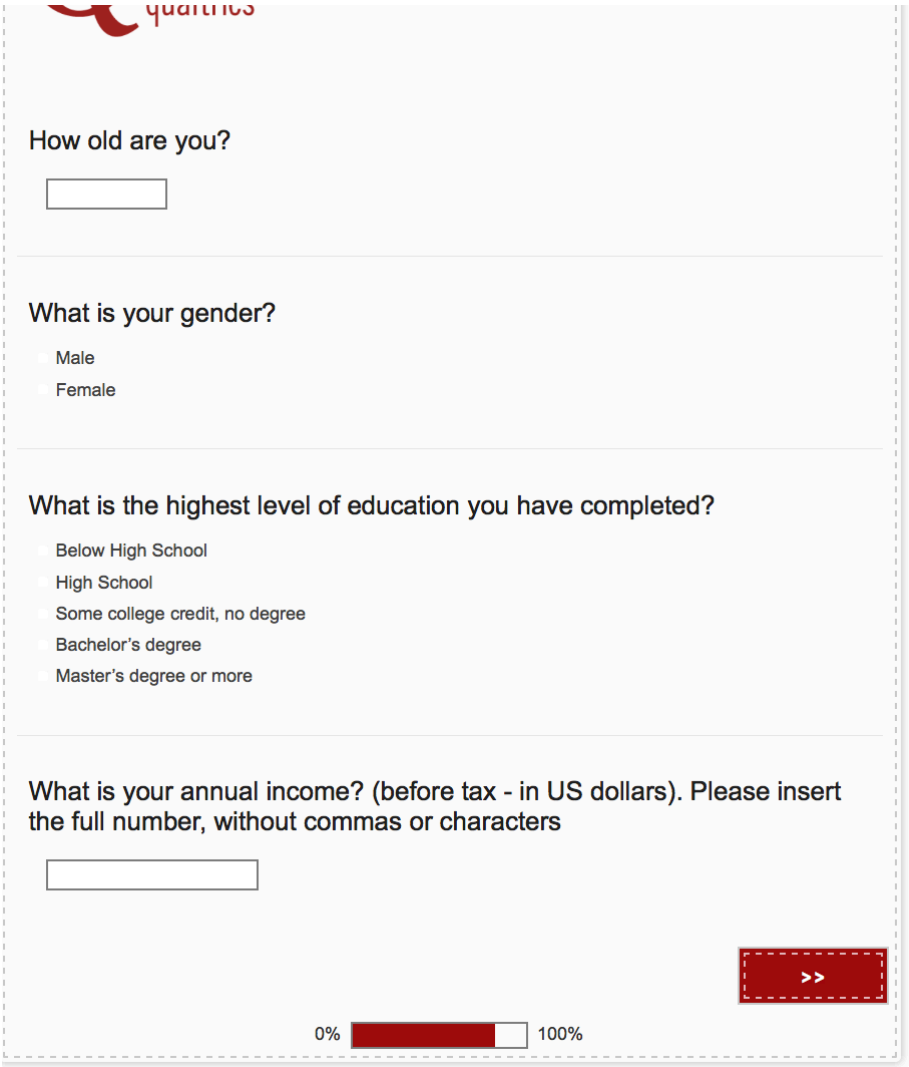

How old are you?

What is your gender?

- Male
- Female

What is the highest level of education you have completed?

- Below High School
- High School
- Some college credit, no degree
- Bachelor's degree
- Master's degree or more

What is your annual income? (before tax - in US dollars). Please insert the full number, without commas or characters

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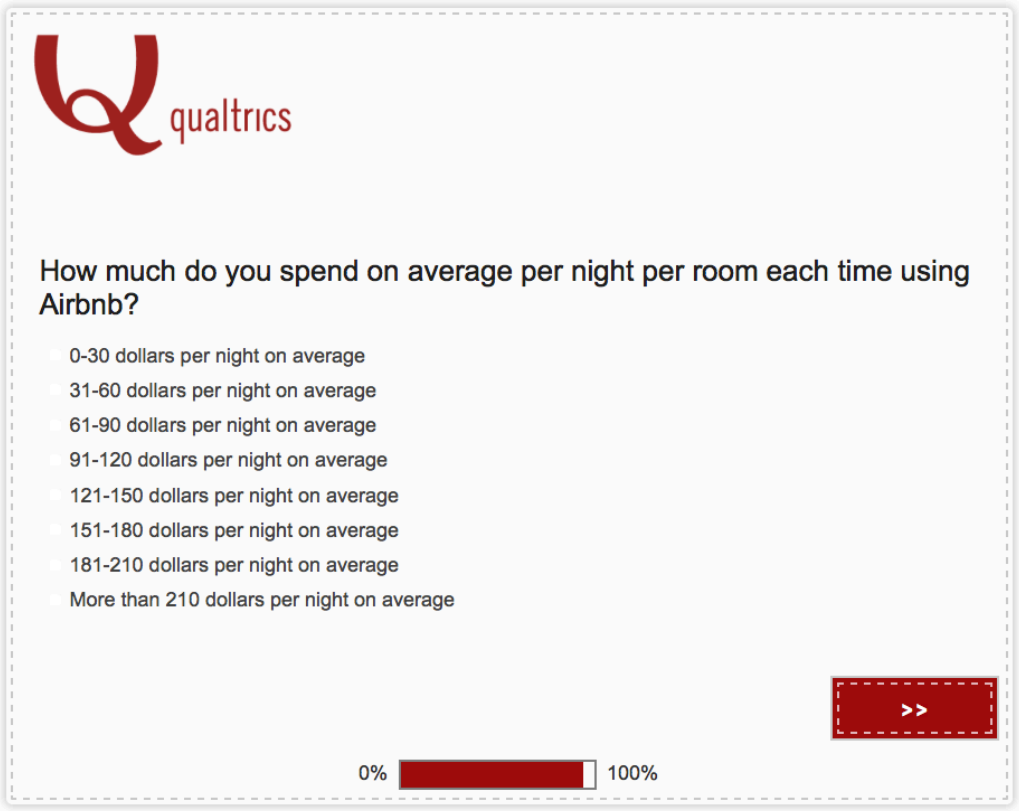


How much do you spend on average per night per room each time using Airbnb?

- 0-30 dollars per night on average
- 31-60 dollars per night on average
- 61-90 dollars per night on average
- 91-120 dollars per night on average
- 121-150 dollars per night on average
- 151-180 dollars per night on average
- 181-210 dollars per night on average
- More than 210 dollars per night on average

>>

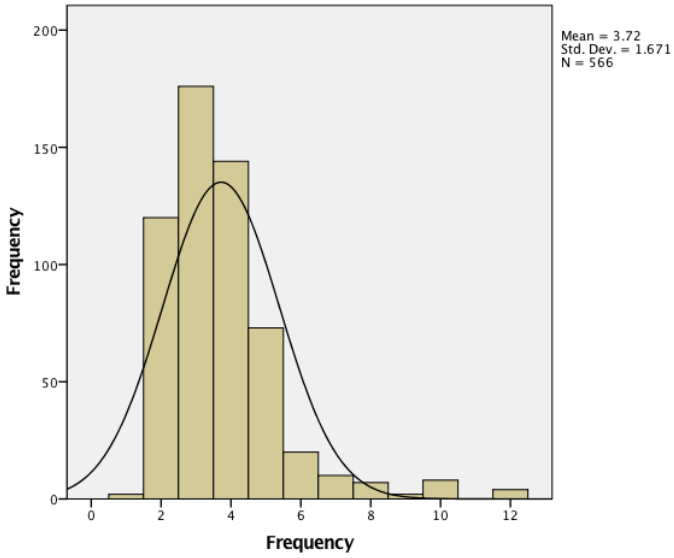
0% 100%

Appendix 2A: Frequency table

Frequency

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	2	.4	.4	.4
	2	120	21.2	21.2	21.6
	3	176	31.1	31.1	52.7
	4	144	25.4	25.4	78.1
	5	73	12.9	12.9	91.0
	6	20	3.5	3.5	94.5
	7	10	1.8	1.8	96.3
	8	7	1.2	1.2	97.5
	9	2	.4	.4	97.9
	10	8	1.4	1.4	99.3
	12	4	.7	.7	100.0
	Total	566	100.0	100.0	

Appendix 2B: Frequency histogram



Appendix 3 – Original Factor structure

Items	P.EMO	N.EMO	S.COM	A.COM	C.COM	LOY	SAT
Emo_Joy1	0,809						
Emo_Joy2	0,839						
Emo_Joy3	0,769						
Emo_Joy4	0,820						
Emo_Joy5	0,778						
Emo_Love1	0,823						
Emo_Love2	0,828						
Emo_Love3	0,816						
Emo_Love4	0,809						
Emo_Love5	0,856						
Emo_Pos.s1	0,758						
Emo_Pos.s2	0,798						
Emo_Pos.s3	0,795						
Emo_Pos.s4	0,674						
Emo_Pos.s5	0,743						
Emo_Worry1		0,885					
Emo_Worry2		0,886					
Emo_Worry3		0,853					
Emo_Guilt1		0,714					
Emo_Guilt2		0,717					
Emo_Guilt3		0,770					
Emo_Fear1		0,795					
Emo_Fear2		0,832					
Emo_Fear3		0,840					
S.Comm1			0,769				
S.Comm2			0,762				
S.Comm3			0,802				
S.Comm4			0,803				
S.Comm5			0,626				
S.Comm6			0,787				
S.Comm7			0,752				
S.Comm8			0,777				
A.Comm1				0,833			
A.Comm2				0,772			
A.Comm3				0,741			
A.Comm4				0,851			
A.Comm5				0,787			

A.Comm6				0,665			
A.Comm7				0,740			
C.Comm1					0,480		
C.Comm2					0,734		
C.Comm3					0.877		
C.Comm4					0,592		
C. Comm5					0,892		
C. Comm6					0,34		
C. Comm7					0,25		
Loy1						0,896	
Loy2						0,895	
Loy3						0,899	
Loy4						0,829	
Loy5						0,834	
Loy5						0,837	
Sat1							0,874
Sat2							0,860
Sat3							0,838
Sat4							0,860

Appendix 4: Pearson's correlation matrix

Correlations

		Mean_Satisfaction	Mean_Loyalty	Mean_calculative_commitment	Mean_Pos_Emotions	Mean_Aff_comm	Mean_Sust_Comm	Mean_Neg_Emotions
Mean_Satisfaction	Pearson Correlation	1	,831**	,544**	,518**	,741**	,592**	-,374**
	Sig. (2-tailed)		,000	,000	,000	,000	,000	,000
	N	566	566	566	566	566	566	566
Mean_Loyalty	Pearson Correlation	,831**	1	,648**	,469**	,744**	,591**	-,396**
	Sig. (2-tailed)	,000		,000	,000	,000	,000	,000
	N	566	566	566	566	566	566	566
Mean_calculative_commitment	Pearson Correlation	,544**	,648**	1	,370**	,565**	,527**	-,187**
	Sig. (2-tailed)	,000	,000		,000	,000	,000	,000
	N	566	566	566	566	566	566	566
Mean_Pos_Emotions	Pearson Correlation	,518**	,469**	,370**	1	,624**	,615**	,001
	Sig. (2-tailed)	,000	,000	,000		,000	,000	,977
	N	566	566	566	566	566	566	566
Mean_Aff_comm	Pearson Correlation	,741**	,744**	,565**	,624**	1	,710**	-,340**
	Sig. (2-tailed)	,000	,000	,000	,000		,000	,000
	N	566	566	566	566	566	566	566
Mean_Sust_Comm	Pearson Correlation	,592**	,591**	,527**	,615**	,710**	1	-,151**
	Sig. (2-tailed)	,000	,000	,000	,000	,000		,000
	N	566	566	566	566	566	566	566
Mean_Neg_Emotions	Pearson Correlation	-,374**	-,396**	-,187**	,001	-,340**	-,151**	1
	Sig. (2-tailed)	,000	,000	,000	,977	,000	,000	
	N	566	566	566	566	566	566	566

**. Correlation is significant at the 0.01 level (2-tailed).

Appendix 5: Preliminary thesis report

The Drivers of Loyalty in the Sharing Economy

- A Case Study of Airbnb

MSc in Business - Major in Marketing

Supervisor: Line Lervik-Olsen

1. Introduction

1.1 Background

The emerging sharing economy, where services and products are being offered in new ways through online platforms, has taken the world by storm, with global billion dollar companies, such as the taxi-service Uber and the accomodation platform Airbnb. By 2025, Price Water Coopers (2014) estimates that the five largest sharing economy sectors alone could generate revenue of up to $335 billion compared with $15 billion in 2013. The sharing economy, often referred to as collaborative consumption, has emerged as a major business segment, with nearly 20 percent of US adults having used such services, and nearly ten percent have participated as a provider (PWC 2014). In Norway, 20 percent are registered as users of the sharing economy (SIFO 2016). However, only one in 20 are active users. The peer-to-peer sharing is not a niche trend anymore, but has moved into being a disruptive economic force (Geron 2013).

An Unexplored Field

Existing research on collaborative consumption has been far from extensively explored, especially in Norway. The research that has been done, have mainly explored motivational factors that predict participation (eg. Hamari 2015., Tussayadiah 2015., Møhlman 2015., Yang et al 2016). Furthermore, most research is conceptual and qualitative, lacking empirical evidence of relationships between participation and motivations. However, there are a few notable exceptions. Hamari et al (2015) found that economic benefits and enjoyment were significant antecendents of intention to participate in collaborative consumption. Ballus-Arnet et al. (2014) found that convenience and availability, monetary savings, and expanded mobility options were important motivators for participation in car-sharing services.

From Niche to Mainstream?

Even though the sharing economy is still rapidly growing, many of the businesses are already well established in the market, and have ensured a large user base. In other words, in light of Everett Roger's theory of diffusion innovation (1962), one can say that there are not only the innovators and early adopters who are using sharing economy services anymore. Its is reasonable to believe that the adoption of such services has reached the early majority. In other words, it is no longer only a niche segment that is using these services. From a managerial point of view, this means that it is not only interesting to focus on adoption of the services, but more interestingly how you could keep customers loyal.

Lacking Knowledge on Loyalty

At this point, very little is known about the drivers of loyalty in collaborative consumption. To the authors' knowledge, only two research papers look into the concept of loyalty, both lacking in both width and depth. Yang, Song, Chen and Xia (2016) explored loyalty in collaborative consumption using the theory of relational benefits, and found that confidence, social benefits and safety benefits have significant and positive effects on commitment in sharing-economy services. According to the study, commitment acts as the mediating mechanism through which these factors affect loyalty. The other study, by Møhlmann (2015) explores determinants of satisfaction and the likelihood of using a sharing economy option

again, through quantitative studies of Airbnb and Car2go. The study finds that the satisfaction and the likelihood of choosing a sharing option again to be predominantly explained by determinants serving users' self-benefit. Both studies have flaws in the way that they are capturing only small parts of the loyalty construct. Another flaw is that the research to a large degree lacks measures of mediating effects. Furthermore, elements of trust are included in the two studies. However, none of them capture the multifaceted character of trust. In other words, there is a lack of a throurough understanding of many of the factors that drive customer loyalty. Thus, both a wider and deeper understanding of the loyalty construct and its drivers in collaborative consumption is needed.

New Era of Loyalty

Loyalty has been the subject of research in many classical studies in marketing. Services like Uber, Airbnb, Finn Småjobber and Nabobil, have transformed how we think about ownership, consume, finance, produce and learn, and it is likely to believe that this has changed the order of most and least important drivers of customers loyalty. For instance, more personal experiences, cost savings and co-creation in collaborative consumption can result in consumers being more loyal than in the case of traditional business. Or, it could have the opposite effect. Furthermore, the extensive use of information technology, typically available via web-based platforms, such as mobile apps to facilitate peer-to-peer transactions might influence loyalty in a different way.

1.2 Purpose of Research

The purpose of this thesis is threefold: (1) Introduce a framework of factors that explain which factors that drive consumers to maintain the relationship with them in sharing economy-businesses (customer loyalty); (2) Assess relative strenghts of these factors in influencing loyalty; (3) Examining moderating and mediating factors

1.3 Research Question

The previous argumentation leads us to the following research question:

What are the drivers of customer loyalty in collaborative consumption?

1.4. Contributions

The findings from this research will enable managers working in collaborative consumption companies to gain insights into how to make customers loyal. From a managerial perspective, this could help sharing economy businesses to pave the way for targeted marketing activities (Sheth et al., 2011). With this, they will be able to strategically manage marketing activities and manage user relationships, in order to grow their business. This can also be valuable for managers who wants to reach new people and convert them into loyal customers.
Theoretically, this thesis will contribute by connecting classic theories of collaborative consumption and loyalty, to a contemporary setting. Furthermore, this is the first study to investigate the loyalty construct and how it is different for collaborative consumption businesses compared to traditional business.

In the following, an overview of the theoretical background and the state of research on collaborative consumption and loyalty is provided. Based on this, we will provide a framework for the drivers of loyalty in collaborative consumption, and hypothesis are developed. Focus group interviews and quantitative surveys are conducted to test these hypotheses. The data is analyzed, and results, implications, and limitations are discussed.

2. Literature Review

2.1 Definitions of Collaborative Consumption

To begin, we will define some relevant and important concepts in the field of collaborative consumption, as there is a vast array of definitions and explanations. The sharing economy has been called by many names. A few of them are ”collaborative consumption” (Botsman & Rogers, 2010), ”access-based consumption” (Bardhi & Eckhardt, 2012) and ”product-service systems” (Mont, 2002). Rachel Botsman made the sharing economy even more popular through her book ”What’s mine is yours (2010), where she talks about collaborative consumption. With her co-writer, Roo Rogers, Botsman writes that the area of the sharing economy is becoming blurry, with new definitions coming up all the time, bent out of shape to suit different purposes.

Botsman sees ”collaborative economy” as an overall term, defined as ”an economy built on distributed networks of connected individual and communities versus centralized institutions, transforming how we produce, consume, finance and learn” (Botsman 2013). She views ”collaborative consumption” as a subcategory and ”economic model based on sharing, gifting, swapping, trading or renting products and services, enabling access over ownership”. Another definition, by Russell Belk (2014) says that ”collaborative consumption is people coordinating the acquisition and distribution of a resource for a fee or other compensations.” Belks also states that collaborative consumption occupied a middle group between sharing and marketplace exchange, with elements of both.

Hamari et al (2015) has defined collaborative consumption as “*the peer-to-peer-based activity of obtaining, giving, or sharing the access to goods and services, coordinated through community-based online services*”. Yang et al (2016) argues that “*Transactions in the sharing economy rely on the peer-to-peer relationships between customers and product/service providers.”* Based on the review of definitions we stick to Belks (2014) definition: ”collaborative consumption is people coordinating the acquisition and distribution of a resource for a fee or other compensations.”

2.2 Lack of Research

A review of the existing literature reveals that collaborative consumption has been far from extensively explored, especially in Norway. The research that has been done, have mainly explored motivational factors that predict participation. Furthermore, most research done on collaborative consumption is conceptual and qualitative, lacking empirical evidence of relationships between participation and motivations. However, there are a few notable exceptions. Hamari et al (2015) found that economic benefits and enjoyment were significant antecendents of intention to participate in collaborative consumption. Ballus-Arnet et al. (2014) found that convenience and availability, monetary savings, and expanded mobility options were important motivators for participation in car-sharing services. Quinby and Gasdia (2014), found that better value for money was stated as one of the main reasons for travelers to use peer-to-peer accommodation along with more space. In line with this, Balck and Cracau (2015) found that cost reduction was stated as the main reason for customers to choose peer-to-peer accommodation (like AirBnb or Couchsurfing) instead of hotels.

Past studies have also tended to overlook the influence of what inhibits participation and the influence of technological factors on collaborative consumption. As participating in collaborative consumption often requires inputting detailed personal information, credit card information etc, the services could evoke risks to privacy. Also, participation often requires transactions with strangers, which could also pose a risk to personal safety. Another relevant aspect is the technological platforms and applications used in these services, as these assumably influences usage.

Even though the sharing economy is still rapidly growing, many of the businesses are already well established in the market, and has ensured a large user base. Many of these, especially businesses like Airbnb and Uber have operated for several years, and it is no longer only the niche that is using these services. In other words, in light of Everett Roger's theory of diffusion innovation (1962), one can say that there are not only the innovators and early adopters who are using sharing economy services. Its is reasonable to believe that the adoption of such services has reached also the early majority. According to Rogers, an innovation must be widely adopted in order to be self-sustained. In light of this, enough people need to adopt sharing economy services for it to be successful.

2.3 Customer loyalty

Adoption in itself is not enough, as the businesses need to make sure that customers actually stay. Some research has investigated the drivers of sharing economy services, but have to a very small degree looked into the drivers of loyalty. With this in mind, research on customer loyalty need to be investigated.

In marketing, the concept of customer loyalty has played a major role throughout time. When reviewing academic research on loyalty, it becomes apparent that the research focus mainly on loyalty to a brand or a product/service (e.g., Aaker 1996; Uncles, Dowling, & Hammond, 2003), loyalty to a store (e.g., Corstjens & Lal, 2000), and to an organization and loyalty to an organization (Brown & Peterson, 1993). Research has conceptualized loyalty using various approaches, from defining and measuring loyalty through repeat purchase behavior (Frank, 1967; McConnell, 1968), as well as a cognitive approach, where the focus lies on the attitudinal dimensions (Day, 1969; Lalaberba & Marzusky, 1973). It has also been conceptualized through a composite approach, showing

that both attitudinal preference and repeat purchase behavior are essential to loyalty (Dick & Basu, 1994; Jacoby & Kyner, 1973).

2.3.1 Four-stage Loyalty

In the later years, researchers have developed a processual approach to loyalty. Oliver (1999) is considered one of the absolute greatest contributers to the elaboration of the loyalty construct. He designed a detailed processual framework for loyalty that presents four different phases of loyalty (Oliver, 1999): cognitive, affective, conative, and action.

Oliver (1999) defined customer loyalty as "*a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same-brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior*" (p.34). Oliver stated that loyalty consists of two phases, the behavioral/action phase and the attitudinal phase. In the attitudinal phase, there are three key stages (cognitive, affective, conative). The other one includes behavior. In Oliver's view, the four stages emerge consecutively, rather than simultaneously (Evanschitzky and Wunderlich, 2006; Oliver, 1997, 1999). A customer's level of loyalty increases through the cognitive, affective, conative and behavioral/action stages in sequence. In each of these phases, loyalty is developed from different factors (Oliver, 1997, 1999).

Cognitive loyalty is the first phase, where loyalty originates from previous knowledge or recent information based on experiences (Oliver 1997, 1999). The loyalty in this stage is developed based on comparisons between their preferred product and alternatives, based on earlier and/or knowledge related to the product, its attributes, and its performance or current experience-based information (Evanschitzky and Wunderlich, 2006; Oliver, 1997, 1999). A range of studies in both consumer behavior and marketing have found that this loyalty phase in the most part consists of perceived value involving functional/psychological aspects and quality (Back, 2005; Back and Parks, 2003; Oliver, 1997, 1999) . Zeithaml (1996) defines this perceived value as "customers' overall assessment of the utility of a product based on perceptions of what is received and what is given" (p. 14). Bitner and Hubbert (1994) defined quality as "the customer's overall impression of the relative inferiority/superiority of the organization and its

services" (p. 77). Oliver (1977, 1999) found that in this stage can be describes as weak and shallow, meaning that providers of products or services want more loyal customers.

The next phase, affective loyalty involves a deeper sense of loyalty than in the cognitive stage, where loyalty relates to customers' pleasurable fulfillment from and favorable attitude toward a product, service og brand and their overall evaluation if it (Oliver, 1977, 1999). This stage mainly involves satisfaction and emotions, which have proven to be extremely important in forming attitudinal loyalty (Bandyopadhyay and Martell, 2007; Han et al., 2011; Oliver, 1997, 1999). In many cases, satisfaction has been conceptualized as an emotional response to experiences with a product or a service (Han and Back, 2011). On the other hand, satisfaction is not the pleasure or feeling generated from experiences of a product or service, but rather the evaluation/judgement of whether the experience is as good as expected (Hunt, 1977). At this stage, loyalty is not guaranteed, as customers can still be subjected to deteriorations, mainly caused by enhancement of attractiveness of competitive offerings/brands (Oliver, 1997, 1999). Therefore, providers of goods or services want to push customers to the next stage.

The third stage, conative loyalty involves a strong specific product/brand commitment and intention to repurchase again. This can be seen from Oliver's definition of conation (1997): "an intention or commitment to behave toward a goal in a particular manner" (p. 393). In this phase, the customer has a deeper level of loyalty than in the affective stage.

The fourth stage, action loyalty, involves overcoming obstacles to achieve the action (Oliver, 1997, 1999). This is where the consumer's intention is translated into behavior, and the consumer makes a repurchase.

2.4 Loyalty in Collaborative Consumption

Only one research paper, to our knowledge, has in particular explored loyalty in the field of collaborative consumption. Yang, Song, Chen and Xia (2016) explore loyalty in collaborative consumption using the theory of relational benefits, one of the most promising conceptual approaches in relationship marketing (Hennig-

Thurau et al., 2002)[1]. Yang et al (2016) is the first study that provides a framework that incorporates relationship marketing and sharing economy services.

This is important, because in contrast to traditional services, customers in collaborative consumption services (the sharing economy) participate in the service on the basis of peer-to-peer interpersonal relationships (Belk, 2014); when you stay at Airbnb you buy the service from Atle in Bergen not Choice Hotels. Considering this unconventional situation, you as a customer can feel more anxiety regarding the quality of services (Belk, 2014). For this reason, higher levels of confidence in the interaction between customers and the collaborative consumption service (Airbnb or Atle) will reduce the customers´s anxiety concerning the services and lead to more confidence in the service provider's (Airbnb) ability to deliver services (Yang et al, 2016). Yang et al (2016) defines this relational anxiety as the term *commitment*. The study test the mediating role of *commitment* in the sharing economy services on the relationships between the 4 different relational benefits and customer loyalty.

Yang et al (2016) examine if the following relational benefits has an effect on customer loyalty: 1) Confidence benefits, 2) Special treatment benefits, 3) Social benefits and 4) Safety benefits. Moreover, Yang et al (2016) test the mediating role of commitment on the relationships between these 4 relational benefits and customer loyalty.

They find that confidence and social benefits have significant and positive effects on commitment in sharing economy services (Yang et al, 2016). Furthermore, they found that safety benefits also have significant impact on commitment, which represent a new type of relational benefit discovered in sharing economy services. Lastly, they find that commitment is the mediating mechanism leading to loyalty (Yang et al, 2016). In more detail, the study found that commitment fully mediates the relationships between social benefits and customer loyalty. Furthermore, commitment partially mediates the effects of confidence benefits and safety benefits on customer loyalty.

Another study, by Møhlmann (2015) explores determinants of satisfaction and the *likelihood of using a sharing economy option again* (we call it *repurchase* from now), through quantitative studies of Airbnb and Car2go. According to

[1] Yang et al 2016

Møhlmann (2015) both satisfaction and repurchase are mainly explained by the determinants that *serve users' self-benefit*: In both studies (Airbnb and Car2go) the following determinants that serve users' self-benefit were found to be essential for satisfaction and repurchase: *utility, cost savings and familiarity* (Møhmann, 2015). Interestingly, service quality and community belonging were only identified as determinants of satisfaction and the likelihood of using a sharing economy option again, in the study with the B2C car sharing service car2go (Møhlmann, 2015). Hence, we can speculate or maybe hypothesise that service quality and community belonging has a smaller impact on loyalty and repurchase in a C2C collaborative consumption business like Airnb than in a more traditional B2C business like Choice Hotels. Moreover, Møhlmanns (2015) results also showed that four proposed determinants had no impact on satisfaction and the likelihood of using a sharing economy option again: Environmental impact, smartphone capability, internet capability and trend affinity. Møhlmann (2015) also studied whether cost savings have a positive effect on both the satisfaction with a sharing option and the likelihood of using a sharing option again. In accordance with other studies, cost savings had a positive effect on satisfaction. However, in contrast to other studies, cost savings did not have a significant positive effect on the likelihood of using a sharing option again (Møhlmann, 2015). This is surprising and needs to be investigated further.

2.5 Research on Customer Loyalty in the Hospitality Industry

Loyalty is utterly important for hospitality business like hotels and AirBnb. But what are the most important loyalty determinants? This question is addressed in a meta-analysis (Tanford, 2016) that evaluate the importance of different factors that affect loyalty based on 102 studies. According to the meta-analysis (Tanford, 2016) the satisfaction-loyalty relationship is the largest effect with a magnitude of 0,675 across 73 effects. Secondly followed by emotional commitment (0,587). Third, service quality (0,555) and fourth trust (0,537) also seem to be important determinants for loyalty. Fifth, switching cost (0,472) appear to have a medium effect on loyalty. As stated by Cohen (1992), correlations of .10, .30, and .50 represent small, medium, and large effects respectively.

2.6 Identifying Drivers of Loyalty

In order to identify drivers of loyalty in the sharing economy, one has to consider where in the four-stage loyalty process the customers are at, as there are different drivers that are relevant for each stage. Based on the fact that sharing economy services have grown tremendously in the last few years, and that many people have tried it, it is likely that the majority of the customers are probably loyal in terms of affective loyalty. They have experiences a pleasurable fullfillment from and favorable attitude toward the service, and might have developed emotional bonds to it. However, their loyalty is still weak and shallow, and thus the providers strive to create more loyal customers. In this stage, loyalty is driven mainly by emotions and satisfaction. However, in order to make these customers become loyal in terms of conative loyalty, commitment is a major driver.

2.6.1 Commitment

Commitment is an important construct in the field of marketing, especially since our study has processual approach to loyalty where we want to look closer at the second stage of loyalty: The affective loyalty stage. Morgan & Hunts (1994) study found that commitment was a key variable in mediating sucessful relationships. Furthermore, commitment also mediate future intentions of repurchase (Barbarino & Johnson, 1999).

Affective - , calculative -, and normative commitment

Meyer and Allen (1990) has widely researched the concept of commitment. Based on research from organizational behaviour, they have developed the three component framework of commitment consisting of three parts: 1) Affective commitment, 2) calculative commitment and 3) normative commitment.

First, affective commitment refers to the affective part that that signify a willingness to devote an effort and the acceptance of the organization's values. Affective commitment can be defined as "*an enduring desire to maintain a valued relationship*" (Moorman *et al.*, 1992, p. 316). Secondly, the calculative commitment reflects a need to maintain a relationship in face of high switching costs. In other words, calculative commitment is "*based on the need to continue the relationship as a result of recognizing the cost associated with its termination."* (Singh and Olsen, 2009) The third component is the normative commitment which refer to "*the individual's normative belief that the ought to*

remain with the organization". Normative commitment has not been researched in the context of collaborative consumption, which claim to have focus on sustainability and the enviroment.

As mentioned, the study will look closer at the second stage of loyalty: The affective loyalty stage. This stage mainly involves satisfaction and emotions, feelings generated from experiences of a product or service, but also evaluation/judgement of whether the experience was as good as expected (Hunt, 1977). Thus, at this stage, studies have we expect that affective and calculative commitment have an important mediating role in explaining loyalty. Hence, we want to test if these will play a similar role in the context of collaborative consumption. Furthermore, Yang et al (2016) found that commitment is the mediating mechanism leading to loyalty also in collaborative consumption. However we extend the commitment construct into three components: Affective, calculative and normative. The results from Sing and Olsen (2009) "show that the effect of satisfaction on loyalty is considerably reduced when affective and calculative commitment are included in the equation", which makes them conclude that affective- and calculative commitment mediate the effect of satisfaction on loyalty. These findings are also consistent with prior studies (Johnsin et al, 2001). Therefore our model have affective- , calculative- and normative commitment as a mediating variables.

H1: Affective commitment mediate the the effect of satisfaction on loyalty

H2: Calculative commitment mediate the effect of satisfaction on loyalty

Since there is no research on how normative commitment mediate the effect of satisfaction on loyalty we want to test this hypothesis:

H3: Normative commitment mediate the effect of satisfaction on loyalty

In line with most other studies, Singh et Olsen (2009) found that both affective- and calculative commitment have a positive and significant effect on loyalty. Based on this, suggest this hypothesis:

H4: Affective commitment has a positive effect on customer loyalty

H5: Calculative commitment has a positive effect on customer loyalty

However, the role of normative commitment has not been tested in collaborative consumption. So here we can mostly speculate. Since the collaborative consumption claims to be more sustainable and enviromental friendly, we would

at first sight tend to believe that normative commitment will have positive effect on customer loyalty. However, Møhlmann (2015) results on collaborative consumption showed that enviromental impact had no significant effect on either satisfaction or the likelihood of using a sharing economy option again (loyalty). Hence we suggest that:

H6: Normative commitment will not have a significant positive effect on loyalty.

H7: Affective commitment will have a stronger positive effect on customer loyalty than calculative commitment.

H8: Calculative commitment will have a stronger positive effect on customer loyalty than normative commitment

H9: Affective commitment will have a stronger positive effect on customer loyalty than normative commitment

2.6.2 Trust

Trust is essential in building long-term relationships, and largely determines the behavior of consumers (Papadopoulou et al 2001). In literature, there is a lack of one specific definition of trust, as researchers have not agreed upon a common definition (Mayer et. al, 1995). The result is that trust is often conceptualized and thus measured in many different ways. In marketing, literature is portrayed as an important factor that contributes to continuous exchange relationships (Dwyer et al., 1987). Thus, trust plays a major role in literature on relationship marketing (Morgan and Hunt 1994). Morgan and Hunt (1994) stated that trust and commitment are critical in business relationships because they encourage exchange partners to build and maintain a relationship to receive mutual gain. They conceptualize trust as "existing when one party has confidence in an exchange partner's reliability and integrity" (p. 23). Mayer et al (1995) defines trust as "the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party" #p. 712). Being vulnerable implies that there is something of importance to be lost, which involves risk. Mayer states that trust is not taking risk itself, but rather a willingness to take risk. Trust has been shown to be positively related to purchase intentions (Lin et al. 2011), and in online businesses, where one is sharing privacy as well as there might exist security issues, trust is the most important factor for

gaining customer loyalty (Wu, Huang and HSU 2014). Trust has also been shown to be one of the most important drivers of commitment (Hunt et. al 1994).

In the context of collaborative consumption, trust can be seen as trust in the provider of the service and to the other consumers one is sharing with.Trust has been conceptualized to be a determinant of participation in collaborative consumption by many authors (Botsman and Rogers, 2010; Owyang et al., 2014). Furthermore, Møhlmann (2015) argues that: "*Surprisingly, recent empirical research contributions did not consider the role of trust when empirically assessing the determinants of collaborative consumption services, particularly not in quantitative studies. (*p.1, Møhlmann, 2015).

Morgan and Hunt (1994) theorize that trust is one of the greatest predictors of cooperative activity. The important effects of trust on satisfaction and likelihood of using a sharing option again was also examined in the study by Møhlmann (2015). In line with previous studies, the significant positive effect of trust on satisfaction was highly confirmed. In fact the results showed that trust had the biggest effect on satisfaction (B = 0.35). In the setting of a car-sharing service, however, she found a direct effect of trust on satisfaction, but no effect between satisfaction and loyalty. This might imply that there are some other factors that could influence the effect of trust on loyalty. Based on this we hypothesize that trust has a direct effect on satisfaction. In their research, Mayer, Davis and Schoorman (1995) describes three antecendents of trust: Ability, integrity and benevolence. We will base our hypotheses on trust on these three.

Ability is described by Mayer et al. as the group of skills, competencies and characteristics that enable a party to have influence within some specific domain. This means that for a company, that it will receive trust if it can show that it can deliver products and services as promised to the customer. Also Park et. al (2014, p. 294) confirms the meaning of ability in their definition: "The consumer's belief that a company has the competence and technical skills to produce and deliver specific products, and that it is able to perform necessary business functions effectively." (p. 297).

We hypothesize:

H10: Ability trust has a positive effect on loyalty

H11: Ability trust has a positive effect on commitment

H12: Ability trust has a positive effect on satisfaction

Benevolence is described as the extent to which a trustee is believed to want to do good to the trustor, and not only because of an egocentric profit motive. This involves that the trustee has some specific attachment to the trustor. Park, Lee and Kim (2014, p 297) defines social benevolence trust as "Consumers believe that a company is genuinely concerned with the preservation and enhancement of the welfare of society". In the case of collaborative consumption, one might argue that benevolence trust is more important than for traditional businesses, as sharing services involve interactions with people who have not necessarily been "approved" by the company. In other words, safety and risk is an issue, meaning that benevolence trust is important. Thus, we hypothesize:

H13: Benevolance trust has a positive impact on loyalty

H14: Benevolence trust has a positive effect on commitment

H15: Benevolence trust has a positive effect on satisfaction

Integrity is described as the degree the trustor believes that a trustee holds a certain set of principles, and to which extent this set of principles is acceptable to the trustor (Mayer et. al 1995).

We hypothesize:

H16: Integrity trust has a positive effect on loyalty

H17: Integrity trust has a positive effect on commitment

H18: Integrity trust has a positive effect on satisfaction

Moreover, we anticipate that trust can play a bigger role in collaborative consumption business like Airbnb, Couchsurfing, etc since they are newer players on the market. However, this remains to be tested.

Interestly Møhlman (2015), found no significant effect between trust and likelihood of using a sharing option again. Trust did not have significant positive effect of using a sharing option again (loyalty). In other words, trust does not seem be an important determinant that drive customer loyalty in collaborative consumption. Based on this, we can hypothesise that:

H19 : Trust does not have a direct positive effect on loyalty

We expect trust to mediate the effects of satisfaction on customer loyalty. Since there is no research on how trust mediate the effect of satisfaction on loyalty we want to test this hypothesis:

H X: Trust mediate the effect of satisfaction on loyalty

What Møhlmann (2015) found that in the setting of Airbnb was that trust had a direct effect on satisfaction, which again effects loyalty. Hence trust only has an indirect effect on loyalty.

H20: Trust has an indirect positive effect on loyalty through satisfaction

Yang et al (2016) research on collaborative consumption in terms of relational benefits, found that that safety benefits, which is related to trust, has significant impact on commitment, which represent a new type of relational benefit discovered in sharing economy services. They also found that social benefits and confidence has an effect on commitment, and that this effect is further transferred into loyalty.

H21: Trust has a positive impact on calculative commitment

H22: Trust has a positive impact on affective commitment

H23: Trust has a positive impact on normative commitment

2.6.3 Satisfaction

In classic theory, satisfaction has been found to be one of the most significant determinants of loyalty. However, the relationship is asymmetric. Although loyal consumers are most often satisfied, it does not mean that satisfaction directly translates into loyalty (Oliver 1999). Because commitment has both affective and cognitive components, it is influenced by both satisfaction and trust. Furthermore, Møhlmann (2015, found a positive effect of satisfaction with collaborative consumption on the likelihood of repurchase. However, this was only true for one of the cases in her study, meaning that there is a need for more empirical research on this connection.

We hypothesize:

H24: Satisfaction has a positive effect on commitment

H25: Satisfaction has a positive effect on trust

H26: Satisfaction has a positive effect on loyalty

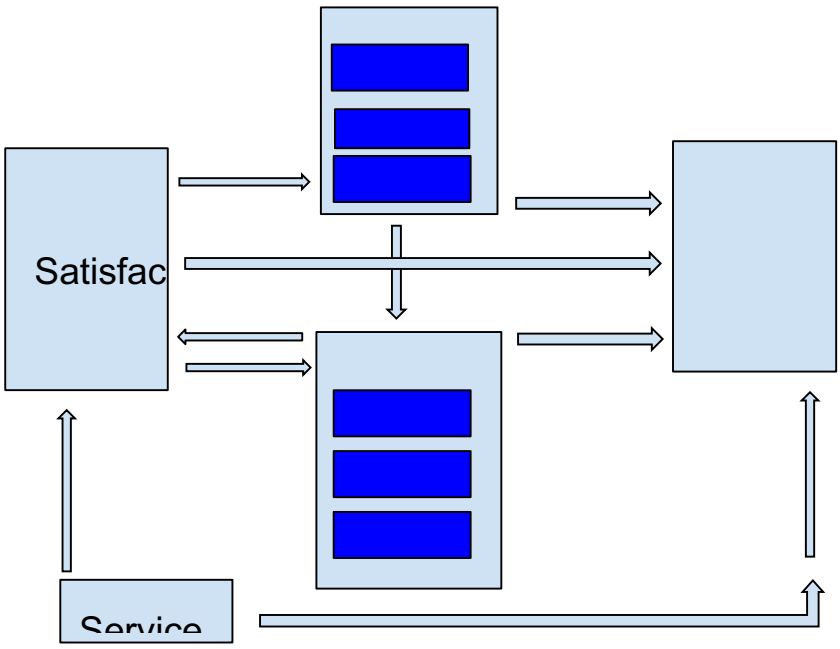
2.6.4 Service quality

Service quality is found to be one of the most significant drivers of both loyalty and satisfaction. In a meta-analysis, Tanford (2015), found that the effect size of the service quality–*satisfaction* relationship is larger than the effect size of the service quality–*loyalty* relationship. Meaning that the effect of service quality on satisfaction would be stronger than its direct relationship with loyalty. However, from the results Tanford (2015) report that: "*Although the effect size comparison upheld this difference, it did not reach significance and the relationship between service quality and loyalty is strong. Satisfaction is a general construct that can encompass various aspects of the experience (e.g., food, room quality, cost, location)*." Thus, service quality has just as strong effect on loyalty as on satisfaction. Taken together, the meta-analysis support the notion that service quality is a core aspect of the experience that directly affects loyalty outcomes. Based on this we hypothesize:

H27: Service Quality has a direct effect on satisfaction

H28: Service Quality has a direct effect on loyalty

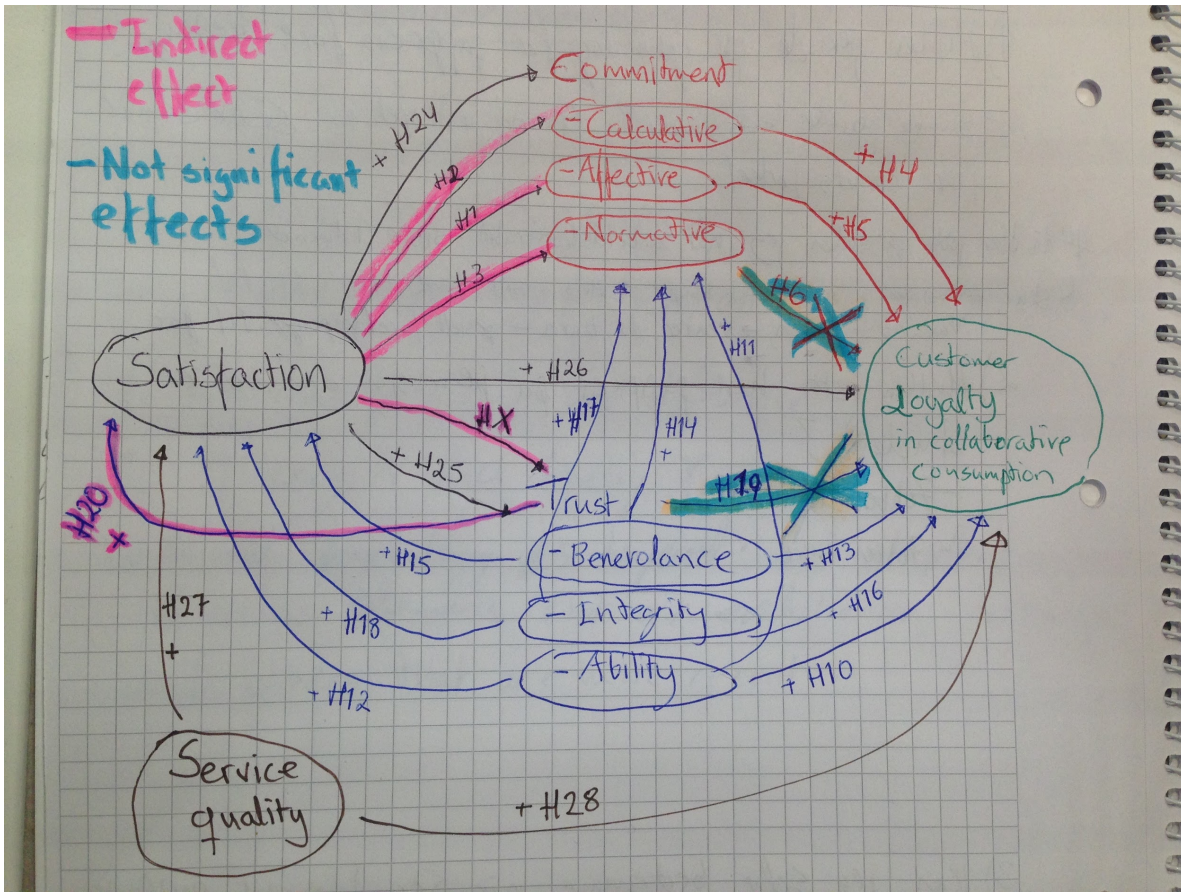
2.7 Theoretical Framework



Explaining the model:

Based on the literature review we have built a structural equation path-model (SEM) with four variables we expect to have an effect on customer's loyalty in

collaborative consumption: 1) Satisfaction, 2) service quality, 3) commitment and 4) trust. Commitment and trust also consist of three under-components as seen in the model. First, satisfaction we expected to have a positive direct effect on loyalty (H26). Satisfaction is also expected to have a positive effect on commitment (H24) and trust (H25). Moreover, we expect satisfaction to have an indirect effect (mediate) on loyalty mediated through affective- (H1), calculative - (H2) and normative (H3) commitment. Second, we expect that all the three components of trust (benevolence, integrity and ability) will have positive effect on satisfaction (H15, H12, H18). In addition, we also expect that trust mediate the effect of satisfaction on loyalty (HX). On the other hand, trust is not anticipated to have a direct positive effect on customer loyalty (H20). Trust and commitment is therefore endogenous variables that can mediate or moderate the effect of satisfaction on loyalty. Third, we expect calculative- (H4) and affective (H5) commitment to have a direct effect on loyalty. However, we do not expect normative commitment to have a significant positive effect on loyalty (H6). Fourth, we expect that all three trust components (benevolence, integrity and ability) will have a positive effect on commitment (H11, H17, H22). Fifth, service quality is expected to have a positive direct effect on both satisfaction (H27) and loyalty (H28).



3.0 Methodology

To test our hypotheses, we will use a mixed study-design. First, we will perform focus groups. This will be done to see if our conceptual framework makes sense, and to get information on more potential factors we should include in our model. Focus groups will be done with people who have used Airbnb before in order to provide insight into the emerging area of collaborative consumption. We will strive to get participants who are loyal at different levels. When this is done, we will make a survey to test our model. A pretest will be performed to assure its effectiveness. Either Amazon Turk will be used to test American people, or surveys will be distributed to Norwegians, through various available platforms. It has been found that most of the users of the sharing economy today are in the age group 18-30. Thus, we will strive to picture this when we gather the sample.

4.0 Conclusion

We expect to find that trust and commitment in particular are drivers of loyalty, but that these effects are not necessarily direct, but mediated through other variables such as satisfaction and service quality. The findings from this research will enable managers working in collaborative consumption companies to gain insights into how to make customers loyal. From a managerial perspective, this could help sharing economy businesses to pave the way for targeted marketing activities (Sheth et al., 2011). With this, they will be able to strategically manage marketing activities and manage user relationships, in order to grow their business. This can also be valuable for managers who wants to reach new people and convert them into loyal customers.

Theoretically, this thesis will contribute in the way that it connects classic theories of collaborative consumption and loyalty, to a contemporary setting. Furthermore, this is the first study to investigate the loyalty construct and how it is different for collaborative consumption businesses compared to traditional business.

Progression Plan

Now-end of February: Finish buildning the model

March: Focus groups and launching survey

April: Data analysis

May: 80 % finished

June: 90 % finished

August: Hand in

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