Strategic Implications of Consumer-To-Consumer Resource Pooling

Alexander Rose, University of South Carolina, USA
Eric Arnould, Southern Denmark University, Denmark

Adopting a managerial perspective, we conduct an ethnography to develop insight into the efficacy and benefits of providing contexts for resource pooling amongst consumers. Findings from the craft beer industry reveal benefits in branding and consumer experience.

[to cite]:

[url]:
http://www.acrwebsite.org/volumes/1019174/volumes/v43/NA-43

[copyright notice]:
This work is copyrighted by The Association for Consumer Research. For permission to copy or use this work in whole or in part, please contact the Copyright Clearance Center at http://www.copyright.com/.
Theoretical Advances in the Sharing Economy
Chairs: Julie L. Ozanne, University of Melbourne, Australia
Samuelson Appau, Melbourne Business School, Australia

Paper #1: Designing a Sharing Economy through the Process of Market Empathization
Markus Giesler, York University, Canada
Ela Veresiu, Witten/Herdecke University, Germany
Anton Siebert, Witten/Herdecke University, Germany

Paper #2: Disambiguating Sharing Economies: How Economic Tropes Affect Attitudes
Cait Lamberton, University of Pittsburgh, USA
Alexander S. Rose, University of South Carolina, USA
Randall L. Rose, University of South Carolina, USA

Paper #3: The Dark Side of Sharing: Social Exclusion within Donation Pooling
Samuelson Appau, Melbourne Business School, Australia
Julie L. Ozanne, University of Melbourne, Australia
Jill Klein, Melbourne Business School, Australia

Paper #4: Strategic Implications of Consumer-To-Consumer Resource Pooling
Alexander S. Rose, University of South Carolina, USA
Eric J. Arnould, Southern Denmark University, Denmark

SESSION OVERVIEW
The rise of the sharing economy is discussed in the popular press as a significant social and economic trend (Botsman and Rogers 2010; Gansky 2010). Within consumer research, recent work examines the emergence of a gift economy within the Napster community (Giesler 2006) and temporary communities forming around collaborative gifting and generalized exchange at the Burning Man Festival (Kozinets 2002). But other research suggests that forging commercial sharing models of exchange, such as Zipcar, do not always facilitate the development of community or feelings of social integration (Bardhi and Eckhardt 2012).

In this session, we seek to broaden and deepen our theoretical understanding of the sharing economy. All of the presentations in this special session are devoted to understanding the emergence of successful systems of sharing as well as key impediments. These studies span commercial, nonprofit, and governmental sharing systems and draw on diverse methods including case study, survey, experiments, and field research. All of the presentations present new theoretical insights grounded on empirical data such as exploring the role of emotion in sharing, trades-offs between individual and collective goals, and the darker side of sharing. Several of the papers delve into a domain that has received scant attention—cooperative pooling, which is a form of sharing where consumers combine resources that are redistributed based on need (e.g., a blood bank).

First, Giesler, Veresiu, and Siebert draw on a rich case study of the controversial ride-share system Uber. They adopt a more managerial perspective providing concrete advice on managing tensions among different stakeholders with opposing interests. Foregrounding the role of empathy, they articulate four theoretical processes for legitimizing sharing markets offering guidance on the strategic use of emotions for redesigning institutional networks.

Second, Lamberton, Rose, and Rose seek to build a broader theorization of how systems of sharing blend both utility maximization (e.g., Bardhi and Eckhardt 2012) and mutuality (e.g., Giesler 2006). Using survey and experimental data, they examine two sharing systems based on pooling of resources (i.e., a state leave pooling system and the Affordable Care Act). They explore insights on how consumers’ interests in participating in sharing systems vary across system-level attributes of individual possessiveness and mutuality.

Third, Appau, Ozanne, and Klein advance our understanding of the complexity, morality, and darker sides of a sharing system focusing on cooperative pooling (Sahlins 1972). In an ethnographic study of a Christian church community in Ghana of mostly poor members, they explore competitive and exclusionary forces at play that challenge the conventional wisdom that generalized exchange increases cohesion.

Fourth, Rose and Arnould use ethnographic data exploring consumer-to-consumer pooling as a form of resource sharing at craft beer festivals. Drawing upon a comparison of the Pacific Northwest indigenous potlatch ritual, they articulate benefits that accrue to both firms and consumers drawing upon the theory of the gift.

Designing a Sharing Economy Through the Process of Market Empathization
EXTENDED ABSTRACT
How is a sharing market created? The rise of the so-called sharing economy, “an economic model based on sharing underutilized assets from spaces to skills to stuff for monetary or non-monetary benefits” (Botsman 2013, 6; Lessig 2008; Sacks 2011) or simply stated a cooperative pooling of specific resources, is receiving considerable scholarly attention. As a construct, sharing has been theorized “as a pervasive, overlooked, and fundamental consumer behavior process” (Belk 2010, 729) that increasingly relies on online platforms and is thriving in multiple industries from transportation to education to hospitality. The entrepreneurs responsible for creating sophisticated sharing technology platforms are commonly heralded as being at the forefront of a powerful paradigm capable of stimulating the economy, fostering communities, and overall creating value (e.g., Belk 2014; Botsman and Rogers 2010; Curtis 2014; Lamberton and Rose 2012; Sacks 2011).

At the same time, however, managers of sharing technologies are often confronted with harsh criticism and resistance from important stakeholder groups, including regulators and consumers. Accordingly, prior work in marketing and consumer research is beginning to highlight the importance of effectively managing the institutional environment to enable and ensure the success of sharing businesses (e.g., Cannon and Summers 2014; Lamberton and Rose 2012). When the biggest risk for sharing firms does not emanate from technology issues or competition, but rather from stakeholders’ passionate objections, understanding how sharing markets are created requires an in-depth investigation of how marketers of sharing technologies can win over multiple skeptical stakeholders.

To address these underexplored theoretical concerns, we bring sociological work on the strategic use, and shaping of, emotions in economic contexts (Hochschild 2003; Illouz 2007; Pedwell 2012) to bear on an institutional investigation of the company Uber, the leading sharing technology firm in the transportation industry. Uber’s path to success nicely illustrates the controversial rise of sharing markets, and is described by co-founder and CEO Travis Kalanick as a “political race [that] is happening in every major city in the world” (Dalenberg 2014, 2), with Uber as the candidate that needs to “win.” Since 2011, we have collected both online and offline data
on a discursive level (Uber-related news reports, court, and policy documents, as well as video materials, advertising, pamphlets, and worker guidelines) and a practical level (interviews with Uber management, drivers, and consumers, as well as policy makers, union representatives, legal experts, journalists) across major European and North American cities. We analyzed the complete dataset using the longitudinal hermeneutics approach (Giesler 2008; Thompson 1997).

Our findings suggest that Uber’s main criticism can be organized into four distinct stakeholder groups, each with a dominant main issue: consumers with safety and privacy concerns; workers with social justice complaints; city regulators with structural integrity concerns; and journalists with accountability issues. This resistance arises from sharing markets’ potential to challenge established balances between economic and social interests (e.g., justice, safety), and to shift agency and mandates from larger institutions such as unions and regulators to individual market actors.

To manage this shift, our analysis further reveals that Uber engaged in a strategic process that we call “market empathization,” a fourfold process through which “a cultural good” is repositioned from the institutional domain to the domain of individual market-mediated empathy. We identify four processes that address each of the stakeholder complaints and establish a sharing market. In the first process of humanization, empathy is used to position (complaints against) the sharing technology away from bureaucratic, mechanistic, and rigid structures and towards more self-regulating, flexible, caring, and organic structures. In universalization, empathy is heralded as the true ideal through which all issues, including those of structural integrity, justice, accountability, and safety can be resolved. Third, prototyping refers to the education of individuals in the sharing network to act respectfully and caringly towards one another by creating role models and circulating their success stories (e.g., of empathetic consumers who are helping individual Uber drivers and their families). Last, in contracting, empathetic contracts with stakeholder groups are established by writing concrete policies, such as worker safety guidelines, and creating mutually beneficial partnerships, in favor of a system that prioritizes individual, self-regulating ethical conduct over formal social regulation.

This study provides both managerial and theoretical implications. The four processes of empathization equip managers with an organizational tool (e.g., Cutcher 2008; Strangelane 1999) that help reframe markets as desirable and effective to realign economic and social issues, while other demands (e.g., for protection of existing industries) are cast as undesirable. As such, we theoretically contribute to the growing literature on the sharing economy by addressing Lamberton and Rose’s (2012, 123) call to “adopt a broader view of humanization,” and by explaining the active role of marketers in sustaining the success of sharing business models over time. Second, we theoretically contribute to the literature on market creation (e.g., Humphreys 2010; Giesler 2012) by unpacking how sharing economy firms (re)design their institutional network through the strategic use of emotions.

**Disambiguating Sharing Economies: How Economic Tropes Affect Attitudes**

**EXTENDED ABSTRACT**

In keeping with recent scholarship on the matter (Arnould and Rose 2015), we maintain that the consumer responses to so-called sharing systems (Belk 2010) are a function of structural differences in the mode of resource circulation present in the various forms of these systems. Any given economy will be characterized by a blending in various proportions between two dominant tropes—possessive individualism and mutuality (Giesler 2008). The degree to which each trope is prominent in the economic system is, we argue, of the nature and function of that system. Thus, researchers studying market-mediated systems such as Zipcar, the use of which is effectively a market transaction, have observed that there is little social consideration amongst users (Bardhi and Eckhardt 2012; Lamberton and Rose 2012). But given that possessive individualism is concerned predominantly with utility maximization and one-off transactions, this is unsurprising (Arnould and Rose 2015). Conversely, one could (and does) see a sense of community evolve out of online file sharing systems, and this is expected given that such systems are heavily formulated by the ideas of mutuality, which is far more socially driven than possessive individualism (Giesler 2006).

Despite several studies of the sharing economy set in very different contexts, none have yet drilled down into how these macro distinctions (i.e., in the form of the economic blending between individualism and mutuality) systematically affect behavior and beliefs of individuals within them. This is our purpose in organizing the present research. The questions motivating the work are, “What factors drive interest in participating in sharing systems, and how do those factors vary based on the degree to which sharing systems differ in two prominent system-level characteristics, possessive individualism and mutuality?”

To frame our answers to these questions, we employ gift theory and the tradition of anti-utilitarian social science to explicitly label two resource pooling contexts in terms of their blending of individualism and mutuality (Arnould and Rose 2015; Giesler 2008). Marketers, both commercial and political, can position sharing systems as emphasizing individualism or mutuality through integrated communications efforts, including public relations and paid media. We expect these system-level differences in turn to invoke different ideological positions depending on the cultural context in which the mode is deployed. In this case, we have limited our studies to the US. Thus, we would expect modes characterized more heavily by possessive individualism to be more attractive to ideological conservatives (in the contemporary American sense) while those characterized by mutuality would be the subject of antipathy, and vice-versa for ideological liberals.

We collected data that address, at the micro level, how behavior and beliefs in the various contexts are affected by those ideological prompts. For instance, in mutuality-oriented systems, social factors such as trust, fairness, and equity would likely assume greater prominence in judgment than economic self-interest; vice-versa, contexts characterized by a high degree of possessive individualism would foster a focus on utility over relationships. These distinctions may, in turn, affect the extent to which prospective or current consumers in these markets would be incentivized or de-incentivized by social factors such as the ability to designate those who may benefit from resources in the sharing pool. Our data to address these issues are based on two different contexts, marked by differences in their formulation between mutuality and individualism.

The first set of data was gleaned from a cross-sectional survey of employees in a state-managed leave sharing system of a state in the southeast US. Here, participants may donate their leave time to a shared pool that may be debited by other participants and themselves. This particular context is characterized by a moderate degree of mutuality as it is public and equitable; it is available to all in equal measure. But it is not fully so, as the anonymity present reduces the potential for sociality as a function of the gift giving (i.e., contributions to the pool).
The second set of data was collected in the wake of the Affordable Care Act (ACA) and assesses comparable issues as the first instrument. This context is a hybrid in that risk is dispersed amongst all participants via government mandate, but the system is managed by private interests (i.e., insurance firms) and is effectively a mandatory market transaction. Thus, the ACA context is one characterized by considerable ambiguity and may be particularly susceptible to propaganda intended to activate possessive individualism or mutuality.

Given the timeliness of research involving the ACA and the ubiquity of hybrid sharing systems, we then extend our survey findings by conducting two experiments in which the ACA is positioned in terms of either mutuality or possessive individualism, and measuring the effects of these variations in system-level positioning on the relative importance of social and economic factors in driving system attitudes. Thus, our expected contributions lie in addressing systematic influences of various forms of economy on the attitudes of consumers within those markets, as influenced by ideological cues. We also extend marketing and consumer research literatures on the sharing economy to new contexts involving the sharing of health and financial risks, not tangible products.

The Dark Side of Sharing: Social Exclusion within Donation Pooling

EXTENDED ABSTRACT

Generalized exchange is widely held to increase social integration (Malinowski 1920; Sahlins 1972). Contemporary examples include people donating to blood banks or consumers posting product reviews online. The indirect structure of generalized exchange, where exchange is separated in time and by different trading partners, creates opportunities for trust to develop that can help unite people (Molm 2000). One form of generalized exchange, pooling, involves individuals unilaterally giving to a common pool of resources that are redistributed later based on need (Ekeh 1974; Sahlins 1972). Although infrequently studied, consumer researchers also stress that pooling promotes social cohesion and mutuality (Arnould and Rose 2015; Gielsler 2006; Kozinets 2002).

In an ethnographic study of the Salvation Baptist Church (SBC) in Ghana, we examine religious donations as a form of cooperative pooling. Data collection spanned 5 months involving participant observation and 34 interviews with 21 informants all of whom experienced poverty extreme enough that meeting basic needs was a struggle and restricting calories was a common coping strategy. Since Carol Stacks (1974) classic study, researchers stress how pooling resources is an important survival strategy of poor consumers (Hill and Stamey 1990). Extremely impoverished communities do not have resources aplenty. Instead, they have scarcity to share (Sachs 2005; Banerjee and Duflo 2011). The orientation here then is pooling “our little,” rather than pooling “our lot.”

We find a wide range of different logics of pooling that do inspire social integration, but also promoted competition and even social fragmentation. At SBC, we documented no fewer than 17 donation funds where money was pooled. These ranged from compulsory (e.g., tithing) to voluntary (e.g., pastor’s appreciation), varied in frequency (e.g., weekly tithing, monthly funeral dues, and annual harvest fund), were requested publically (e.g., building fund) or privately (e.g., welfare fund), and ranged in meanings from secular (e.g., bus fund) to sacred (e.g., pledge fund). The logic of sharing was complex and varied. Tithing was one of the most important funds integrating members in their shared sacred duty to support the church. However, far from providing social integration, the “birth day thanksgiving fund” involved members competing to raise the most money on their day of birth. Winners preened and everyone mocked the losers who were born on the day with the smallest contributions.

More troubling is that the very poor were excluded from funds both compulsorily and voluntarily. For example, no matter what one’s donation history, if you did not pay or missed payments to the funeral fund then you were excluded from receiving benefits. Poor members were often in conflict between contributing to pools and feeding their family.

The very public nature of many of these donations was also pertinent. The church has a ritual of collection to fund the church. At all formal tri-weekly meetings, members contribute money into a bowl placed in front of the congregation. Members leave their seats by rows guided by an usher to drop their monies in the collection bowl. Members without money must remain seated marking them as unable to pay. The social stigma is so great that very poor members like Bertha will not attend when they have no money: “I will feel embarrassed if everybody is giving collection and you don’t get up to give, it is very disturbing. (Bertha, F, 36).

Contributing money and the amount given is generally voluntary, except for the tithing fund, where everyone is expected to give. However, Dede offers an explanation of how failing to give can lead to scorn and exclusion.

God has protected you from Monday to Saturday, so are you trying to say you don’t even have 10 pesewas [less than 1¢] on you? Even if you don’t have anything on you, give 10 pesewas as collection so that God will see what He has done for you. But if you always come to church and people have to by-pass you to give their collections while you are seated, then it means you always spend the money you get without giving some to God. (Dede, 44, F)

As Dede points out, even in a group where scarcity is prevalent, it is unacceptable to have nothing to give. Scarcity is scantiness, not absence. Moreover, this specific pool is not a utilitarian redistribution system but a normative one expressing morality. When pooling transcends the secular into the sacred domain, then failure to contribute is not just wrong—it is sacrilegious. A member who is unable to contribute to the collection fund offends God, the group, and the group’s very reason for existence. Thus, poor members self-exclude themselves by staying home to avoid this pooling ritual at church and its attendant stigmatization effect on non-contributors.

Our contribution is to highlight the complexity, morality, and dark sides of co-operative pooling and sharing. We provide empirical support exploring the integrative, competitive, and exclusionary influences of different pooling systems.

Strategic Implications of Consumer-To-Consumer Resource Pooling

EXTENDED ABSTRACT

We contribute to the literature on alternative modes of circulation by examining the extent to which consumer-to-consumer pooling can be deployed by small businesses as a marketing mix element. That is, we look at the manner and efficacy of affording consumers the opportunity to engage in resource pooling. Firms themselves need not be active participants in the pooling—instead, they can provide the context (or frame). We uncover the ways in which this benefits both hosting firm and participants. Thus, our research question is, “How and to what extent does providing opportunities for consumer-to-consumer pooling benefit the host firm?”
To address this question, we conducted ethnographic research at craft beer festivals. We selected ethnographic methods due to the exploratory nature of the research. We wanted to see if, and how resource pooling operated in a context, part trade show, part ludic entertainment. A deep cultural exploration of an uncharted consumer practice within an industry noted for its festivals was thus apposite.

Several reasons motivated the choice of context. The first is the growth of the industry and concomitant diversification of segments. Investigation among industry leaders, who by definition are successful, strengthens conclusions based on exploratory data. The second is that festivals are an industry hallmark. That is, firms in this sector offer festivals as element of their value proposition. In festivals, consumers come together at brewery-hosted events to share products from the host brewery, other breweries, and even homebrews. Third, all firms, as craft beer producers, conform to standard limits on production volume. This commonality strengthens the generativity of our conclusions as all firms in the segment fall into a comparable range of operational size and scope.

Five breweries were visited over two and a half years—each more than once. Each visit took place during a single brewery hosted festival. This way, multi-brewery sponsorships do not muddle firm-level attributions. At each brewery, the lead author engaged in participant observation, making jottings, collecting artifacts, and taking photos as a participant before writing up formal notes. For the sake of comparison, firms were visited in California (The Bruery), Michigan (Founders), Indiana (3 Floyds), Florida (Cigar City), and North Carolina (Foothills). The resulting dataset included nearly 400 pages of written accounts as well as photographs and artifacts.

At each festival, we observed consumers engaging in “bottle shares.” In bottle sharing, consumers pool beer—setting out a diverse product array in a common space to be tasted in ritualized fashion. For analysis, we drew on the theory of the gift. This presented two key opportunities. First, the literature on the gift has an elaborate history both in social science as well as in consumer research and marketing. Still, only a few studies of gift stores have looked at how the gift economy may be leveraged—enhanced understanding will provide practical managerial tools. Second, the rise of the so-called sharing economy has garnered much attention, but contention remains as to how best to understand alternative modes of resource circulation. The theory of the gift provides a comprehensive framework that productively contributes to current debate.

Our data reveal insights for firms wishing to mobilize alternative modes of resource circulation by providing contexts for consumer pooling. First, for example, is that consumer pooling operates very much like the famous “potlatch” detailed in classic anthropology and recent consumer research. Here, the firm plays the role of Big Man as understood in gift giving societies. Firms on the craft brew festive circuit reap benefits as a result of providing contexts for consumer-to-consumer gift exchange. Whereas Big Men accrued honor and prestige, craft breweries accrue brand-related boons. These include loyalty, brand ambassadorship, and active purchase intentions. This is due to a second finding of note. Consumers who engage in pooling also amass benefits beyond those related to enjoyment and accrual of brand knowledge. Pooling produces membership and identity affirmation within a brand and product community. Of note is that festivals attract both local international patronage.

To summarize, our contributions include detailing how firms may leverage the gift, how setting the context for pooling as a strategic practice is beneficial to firms, and further elucidating how an ostensible sharing-oriented phenomena can be better understood within the theory of the gift.

REFERENCES


