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Impact of shared economy in Tourism

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Abstract

This thesis presents the results of a qualitative study exploring the sustainability of a new service model based on collaborative consumption in a tourism setting. Thirty interviews were undertaken both with local communities in Indonesia offering the services and with customers, to understand the impact and type of services being offered. The results show a change in the social paradigm, allowing locals to obtain extra income and fostering micro-entrepreneurship, thus promoting local economic development. Furthermore, these new services offer customers an experience not available in standard companies, allowing them to interact more deeply with the local culture and people.

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1 Introduction

Shared economy is a designation that emerged in the United States in the early 1970s, and with the technological advances available today has climbed steadily and provided evidence of its effectiveness as a sustainable model (Hipsman, & Meissner, 2013). Hamari, Sjöklint & Ukkonen (2015 - in press) defined shared economy as leveraging Information technology to empower individuals, groups, government, organization and non-profit organization's in order to share information and use excess resources of one organization by the other. In other words, the principle of sharing information on goods and services (often using the online market), that increased their value is termed as sharing economy. The marketed/shared goods can give benefit to other individuals, companies, government and non-profit organizations. For example, people share their property for the purpose of rent or lease to give benefit to others who use it to generate economy (Geron, 2012). The structural basis of this economic model is closely related to the collaborative consumption that usually refers to the activity of sharing goods and services within peer to peer networks. This terminology is generally associated with file sharing (Ferreira, 2012). However, the phenomenon that is generated by online users for sharing activities is considerably larger. A particular example is the online encyclopedia Wikipedia, which produces and shares the content for internet users. This sharing of information benefits internet users all over the world (Hamari,2011). The proliferation of information technology, along with web 2.0 has enabled the development of online platforms, which has in return promoted user-generated content, sharing and collaboration (Kaplan and Haenlein, 2010). Also, the evolution of technology for computers and smartphones is behind the recent push. People are now sharing information more easily by using these technologies and it can be said that the information sharing trend is becoming more and more practicable in the current globalized world (Botsam & Rogers, 2010).

Not only content information, but other forms of information like selling, renting and exchange of skills have also started. Thus, it can be said that with the advent of the internet and the latest computer and smartphone technologies, people are sharing more and more information and improving the economy. The principle of sharing takes the form of an economic model where people offer their products and services for sale, exchange and rental to people all over the world (Zhao, Xie & Leung, 2002). The sharing of information regarding goods and services with the help of this economic model is essentially facilitated by sites in which product catalogs or services are offered. However, most of the sites give this responsibility to the user, to take care of security issues, while sharing information. Thus, the online platforms serve as intermediaries and provide users with the ideal conditions for promoting their services or products. The growing number of online platforms are creating foundations for the emergence of new entrepreneurs and micro entrepreneurs. There, motivation and need for the emergence of new entrepreneurs play an important role. The emergence of new entrepreneurs is directly related to the economic problems in many developing countries, with high unemployment rates forcing people to create new ways to generate income for their families. In addition to high unemployment rates, other reasons for sharing information on the internet and becoming entrepreneurs or micro entrepreneurs, include motivation and a preference to adopt modern ways of earning (Cavalcanti, 2004).

The shared economy has created expectations of being able to alleviate the problems of modern societies such as the hyper consumerism, pollution and, consequently, poverty, by

combining the reduction of transaction costs associated with the coordination of economic activities within communities (Hamari, Sjöklint & Ukkonen, 2015-in press). The context is of great interest, especially since participation in collaborative communities is usually characterized as a driver to do good for others and the environment (Prothero et al, 2011.). The current economic environment is conducive to fostering the development of new models in which access to goods is better than their consumption. Previous research by Prothero and Sacks (2011) showed that because these models encompass social motivations, they motivate different behaviors on the part of the user. For example, people feel motivated to be part of a sustainable behavior, especially when other participating consumers give signals (Goldstein et al. 2008).

The structure of these platforms allows for flexibility and adaptation to the consumer products and services they want to transact, enabling freedom of choice. Especially with regard to the choice of prices, since it is one of the reasons for participation. An example of this freedom is the choice of the buyer or seller of the service or product price without any intervention of the online platform. The need for freedom of choice is a key factor in the success of these platforms. They are structures created by users and the contents are entirely linked to the same procedure (Gansky,2010). It should be noted that "such peer-to-peer transactions are not mediated by market prices or organizational hierarchies, but regulatory frameworks. The way in which the normative structures are produced and perpetuated to transact on the sites has not been studied by scholars. " However, it seems there are not many obstacles to the growth of economic models of this nature with a variety of sectors. The sectorial expansion of collaborative consumption in retail in the US is the greatest expression followed by the automotive industry, technology and tourism (Crowd Companies, 2014). However, this shift in economic paradigm requires deep structural changes, since laws were created for a traditional economy and the complex cultural and business strengths need to be considered. The process is expected to be fairly time consuming however, it does not prevent the expansion of the economic model.

1.1 Objectives

This study contributes to better understanding of the shared savings using a case methodology approach. The company chosen as a case is Withlocals Dutch Company that is focused on the Asian market. Since the concepts under study are new, it was considered appropriate to undertake a qualitative approach that allows the acquisition of in-depth information on the phenomenon under study. Thus, semi-structured interviews were conducted in Jakarta, Indonesia, one of the main markets of the company. The company operates in the collaborative consumption in the tourism sector and maintains a special focus on selling services such as tours and culinary experiences created by locals, which are the main tradable activities.

This thesis aims to:

- Present a global vision of the current context of Shared Economy in its multiple sectors.
- Demonstrate the changing economic paradigm as a relevant and existent reality in an emerging economy and its growth potential in the tourism sector.

- Explore the sustainability of the economic model in this business sector and the main challenges it faces in the industry by showing the economic and social impact on a local community.

1.2 Motivation

The shared economy is a concept which I encounter almost casually. When developing a project for an online marketplace the need to research new business models led me to a model that intuitively explained sustainability. This led me to try to understand in a deeper way, concepts such as shared economy, collaborative consumption, green economy, sustainable economy and all other designations. The idealism behind this model led me to a deeper search for knowledge and research on the current global situation and its implementation and how sustainability would be possible. The most representative cases in the shared global economy today and the most controversial are: AIRB & b and Uber. They are two different startups operating in different sectors but with a common goal: collaborative consumption. AIRB & b is a marketplace that allow the temporary rental of rooms or complete homes at reduced prices and the Uber is a mobile application that facilitates renting a car at reduced rates when compared to rates charged by taxis. Interestingly, both models enable the development of entrepreneurship and the capacity of generating wealth for the communities.

However, research led me to conclude that this is a recent model in which sustainability and legality is being questioned by numerous agencies and for governments that are banning them from exercising their activities. These uncertainties raise my curiosity because despite the ban, public pressure to maintain these companies is inescapable and the view is that these two models as sustainable role models. My professional experience in business development, and academic experience in creating and managing film production and audiovisual projects, allowed me to combine both in developing this project. In this regard, I intend to promote this new concept so that it can be used by entrepreneurs wishing to create innovative business models based on shared savings.

1.3 Case Study

This thesis studies the company Withlocals, a Dutch company based in Amsterdam, but operating in Asian markets and focusing on the tourist sector. This study focuses on the Indonesian market, with particular incidence in Jakarta and Bali. Indonesia is a country in Southeast Asia with a population of 249.5 million, which are mostly Muslim, and has a gross domestic product (GDP) per capita around US \$4,700. The study of the impact of an innovative economic model in a country like Indonesia allows understanding of not just social engagement levels and local economic dynamic, but also how to better comprehend entrepreneurship in the tourism sector based on a model of this nature.

1.4 Research Method

This study has the objective of studying an underdeveloped area, thus qualitative methodologies were used to obtain a deeper understanding of the phenomenon of interest (Corbin and Strauss, 2008). The objective was to analyze the structure of collaborative consumption from both seller's and buyer's points of view. The investigation was undertaken

in the cities of Bali and Jakarta, which are central hubs of tourism for Asia and Pacific and Australia and Indonesia. The respondents were selected from buyers and sellers of a company that operates in the collaborative consumption of the tourism sector in Indonesia. This company provides a technological platform where local citizens can offer services such as tours and culinary experiences for customers around the world. The sample consists of 15 customers and 15 sellers.

Several methods were used to collect the necessary data from March to June 2014, such as: document reviews, observations, surveys, and semi-structured interviews. The participants were observed during these activities related to the choice, creation and planning of tourist activities. Also, interviews were performed with the purpose of understanding the level of local and social commitment, as well as the factors that promote this type of social and economic transformation.

The research methodology was structured around the aspects related to: motivation level of both consumers and sellers, security and threat issues to tourists, satisfaction factors for tourists, changes in tourism culture, monetary benefits from tourism and value proposition of both tourists and sellers. Figure 1 shows the potential threats and concerns, which include locals' social behavior, customer satisfaction, tourism's culture changes, environmental threats and hospitality concerns.

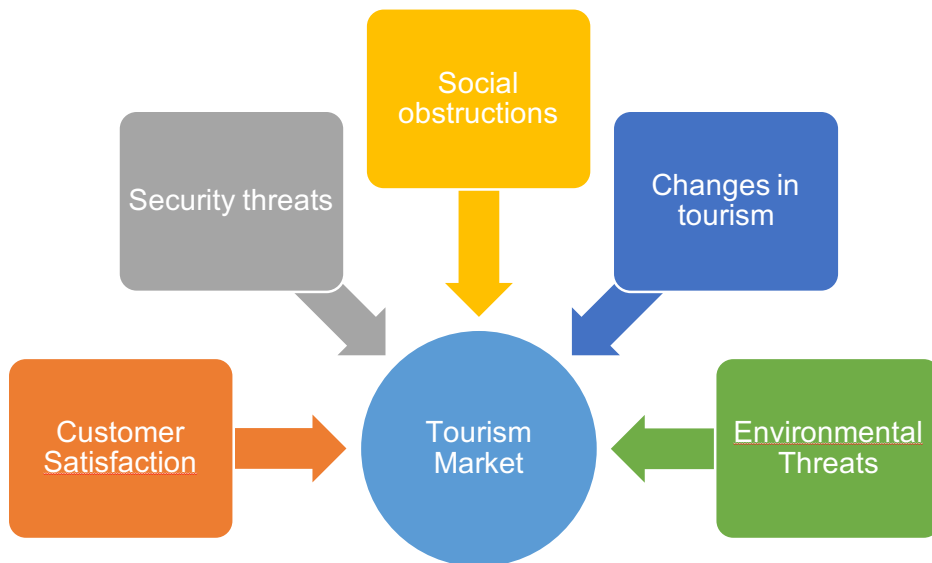


Figure 1 Threats and concerns of the tourism market

Sources: World Tourism Organization

The study enabled a better understanding of the underlying factors behind tourists' and service providers' choice for engaging in this exchange of service. The results were structured around the factors that influence tourists and service providers. Seven factors

related to motivation, information, security, satisfaction, changes in the tourism culture, economic benefits and value proposition where identified.

2 Literature review

2.1 Sharing Economy

This economic model is based on the concept of shared economy, but referenced in the literature with different names such as: Sustainable Economy, Mesh Economics, collaborative economy, collaborative consumption, and the green economy. The first work that makes reference to this type of models in the literature is not recent. The designation collaborative consumption was initially used by Felson and Spaeth in their article "Community Structure and collaborative consumption: a routine activity approach" (American Behavioral Scientist, 1978). This research focused on car sharing. However, more recently Ray Algar (2007) addressed the issue in an article entitled "collaborative consumption", and the emergence of some new business models foster more work concerning the theme such as the book from (Bostman & Rogers, 2010). It was only in 2010 with the momentum of new information technologies that this new economic concept took shape and emerged in the daily life of citizens, through online marketplaces and the impulse of Peer-to-peer (P2P). This business models' operation based on shared savings has been proliferating since 2010, especially after the introduction of web 2.0, which allowed for greater social interaction with sharing networks, and also the existence of free software, enabling an increased evolution. All these factors come together with the need for a paradigm shift from traditional models, because it promotes these new business models to a new level. In previous years this model seems to have been a utopia. However, as a result of global instability in recent years, several economic alternatives have been experimented with, because the current prevailing economic model in most countries, poses serious sustainability problems, and are often referred to as obsolete (Belem Hanz, 2002). According to Forbes (2013) estimates, revenues linked through shared economy and going directly to people will surpass \$3.5 billion in 2013.

However, as the first generation of digital natives may feel more and more comfortable with sharing every aspect of their lives online, it's hard to say if they will be comfortable in the future in sharing their offline possessions (Sundararajan, 2011). It is necessary to understand the sociological and psychological aspects behind sharing something like our apartment, because of its implication in the meaning of goods. The reluctance of society to accept changes in consumer media didn't the implementation of new business models and large corporations have defied resisted threats of upfront with the by blocking orders and inhibiting the development of new players in the market and new models, such as the case of shared economy (Bostman, 2010). In addition, different governments, especially in Europe, maintain a conservative and protectionist attitude towards these new emerging models. Social divisions are pressing, which is most visible in some countries like the US or Germany and South Korea that are becoming the forerunners in the design of these economic models and where lead users are more willing to experiment with new emerging concepts. In these societies, the

dynamism and social awareness is higher when compared to less economically developed countries. There is a misperception that developing countries may have a distant relationship with consumer products or services of this nature, since they are characterized as more conservative and traditional, and in which material possession's are still a reality of local economies and the consequent need for goods consumption has been caused by many years of shortages and basic deprivation.

On the other hand, the barriers to the development and implementation of these businesses have social and legal obstacles and the cases multiply. One example is AIRB & B, where specifically in the state of New York, there was the attempt to create a law supported by "traditional" corporations (New York Times, 2013). Therefore, these actions against the development of these models has led to greater publicity of the underlying concerns, as well as greater visibility towards enlightenment, generating social debates sorely needed for clarification and change of economic concepts by citizens. Several aspects must be taken in consideration to enable the emergence of these models. Namely, People may not be aware of the new models and their resistance may undermine their development. Some of the models that allow the sharing of goods or services are still considered very disruptive and are not achieving the desired sustainable growth, and some will probably shut down or will need more years until they can achieve economic sustainability. Another issue is security concerns. This is one of the main barriers to the use of these services because there is no direct human interaction. For example, not all people are willing to open the door of their homes to someone unknown, or share a car with someone who they do not know (Bostman & Rogers, 2010). However, the strategies of most of these startups and companies, are to resort to users who bought the services and encourage them to write opinions about the service purchased and the person performing the service or selling a product. The proposed solution is that in the very near future the online credibility can and should be measured in order to provide more effective security levels. These new security concepts will allow the user, before buying a service or product, to verify, with high degree of certainty, the virtual history of the service provider (Bostman & Rogers, 2010).

2.2 Contributions to Society and Impacts

Despite the many difficulties the economic model imparts, its important contribution to the societies impacts on them in a significant way. The environmental impacts, due to the sharing nature and the consequent reduction in resource utilization, are potentially significant. The carbon emissions measurements show that house sharing is 66% more effective than hotels, and in car sharing participants reduce their individual emissions by 40% (Greff,2005.).

Moreover, different studies suggest that the shared economy raises a very relevant issue. Today, the shared economy and its operation in terms of peer-to-peer activities carries immense importance in the age of global crises. For example, many people involved in the sharing economy intend to reduce their personal consumption to sustainable levels. Although this is an important practice, the dimension of the ecological crisis suggests that simply sharing surplus or underutilized personal property may not be a sufficient answer to a global problem that requires a systemic change at all levels.

2.3 Relationship between tourism and the shared economy

The transition and changing social modes of production have shifted the role of economics in the socio-productive development in the workplace. New economic trends implement formations and their competitive insertion in society, implying a connection between scenarios, agents and lifestyles, to create productive environments that go beyond just a number of jobs, investments and returns. In this connection is assumed a new role in the generation and development of human talents. This allows reorientation of the sense of the intangible resources such as human capital. Competitive and capable workers play an evolutionary functions demanded by society and constitute an emergency basis; so in activities such as tourism, it helps people to understand the importance of this capital in social and physical mobility and an understanding of the roles within it and its cultural and social practices that give meaning to the study of professions (Hamari 2011).

The development of the tourism profession within the new economy lies in the organization of production related to the demands of tourist services and the social, productive organization that develops and modifies the living conditions of communities where tourism determines the use, management and utilisation of knowledge for professionals to draw a new orientation in the workplace. While these alternatives are in addition to the possibility of a new tourist development, involving the creation, sharing, transmission and application of knowledge through talent of its human capital to yield an agile and flexible ratio of supply and demand of the tourist market addressing and improving the development of business strategies and participation in an energized economy. Financial flows, business partnerships, the creation of productive enterprises of services and innovative processes that occur through leadership in organizing trips, talent development and qualification of its human capital, are oriented to professionals as knowledge workers in the tourism industry, since the forms of mobilization of the means of production and coordination of work, multiply the power of the skills of the people working in it, and the paradigm shifts generated in the socioeconomic development of each, Instead, applying the tools, study and manual labor organization and productivity experience (Bostman & Rogers, 2010)

In the world of work, professions assume a fundamental, instrumental considered intangible capacity which in tourism acts as a motor for regional development and job creation and enhances the emerging conditions for social betterment of the country. It implements formations and their competitive insertion; so from the knowledge-based economy, the individual and collective use of the processes of training and continuing education, adds and creates a culture of innovation in close cooperation and socialization with the cultural development of people through school and social processes (Qualman,2009).

The influences of globalization in production and consumption of goods and social practices adopted in tourism, form a transnational approach which seeks to understand the connectivity between the model-origin-destination and manifestations of contemporary human journeys based on research social sciences which study the guest-host relationships, types of tourists, traveler motivations, economic guidance and management and quality of hospitality. In the tourism profession, this is needed to form a spiral of creation and dissemination of knowledge to promote products, services and welfare of citizens, because it involves new learning

spaces, organizational models, knowledge, business networks and teleworking and coordination and cooperation of the people, which is further steered by the shared economy.

2.4 Marketplaces online

P2P is the result of the natural tendency of software engineering development with the availability of technology to create larger networks. The history of peer to peer (P2P) was not always associated with online marketplaces. It was in during the 1990s that the P2P networks took the first important steps when applications such as Napster and Gnutella were developed. In this case network sharing between users. More recently Pirate Bay took prominence as one of the leading networks of sharing illegal content. However, with the addition of the two elements and Marketplace (P2P), the recently shared economy takes its emphasis where this merger allows different results with acting responsibility as the basis of shared economic structure (Hamari, 2011).

Example of the basic procedures of an online marketplace:

- A) The person provides a service / product in the site / company application.
- B) You are looking for a service / product and negotiate with sellers on the site / application.
- C) Platform is intermediate in operation and percentage gain on the deal.
- D) Reputation of system users is rated by the users themselves to serve as a basis for future transactions (Bostman, 2010).

2.5 The principles of collaborative consumption

The shared economy is a sustainable economic ecosystem that is based on the collaborative consumption supported by vital pillars for its development and implementation: People are at the heart of an economy of sharing which means that people are active citizens and participants in their communities and society at large. Participants in a shared economy are individuals, communities, businesses, organizations and associations, which are deeply rooted in a highly efficient sharing system, to which all contribute and benefit (Bostman & Rogers, 2010)

- People are at the heart of an economy of sharing, which means that people are active citizens and participants in the communities and society at large. Participants in a shared economy are individuals, communities, businesses, organizations and associations, which are deeply rooted in a highly efficient sharing system, to which all contribute and benefit.
- Production: In an economy of this kind people, organizations and communities are active participants in order to collaboratively produce or co-produce goods and services, collectively or cooperatively. The production is open and accessible for those who want to produce. Technology and Internet networks enable the development of products and services in a collective manner, transcending geographical boundaries. Social responsibility is intense and the services or products are produced, developed and provided by a wide range of actors who act between

social levels; families and friends, local communities, charities, social, business and government enterprises.

- Value and exchange systems: Shared Economy is a hybrid economy where there is a variety of shapes, rates, incentives and value creation. Value is seen not only as a financial value, but as an economic, environmental and social value which is equally important, accounted for and desired.
- The system covers alternative currencies, local currencies, time, banks, social investment and social capital. The economy is based on the sharing of both material rewards and non-material or social rewards, and encourages more efficient use of resources.
- Distribution: The resources are distributed and redistributed through a system that is effective and equitable at local, regional, national and global levels. Models of shared ownership, such as cooperatives, collective purchasing and collaborative consumption are characteristics of a sharing economy, promoting a fair distribution of resources that benefits society as a whole.
- Planet: Shared Economy puts people and the planet at the center of the economic system. Value creation, production and distribution of operating is in synergy and harmony with the natural resources available, and not at the expense of the planet and there is an intrinsic environmental awareness of the concept.
- Power, a shared economy empowers both its citizens economically and socially and allows economic and social redistribution of power. Both facets depend on an open, shared, distributed, processes and democratic decision making government systems at local, national and global levels. This system allows and promotes fair pay and reduces inequality and poverty by encouraging citizens to become active in their communities.
- Communications in a shared economy, information and knowledge are open and accessible. Open communications are critical to the flow, efficiency and sustainability of this economic system. Technology and social networks allow the flow of communication support and information sharing. This system promotes easy access to a high level education through a wide range of different services, allowing everyone to have access to the information, skills and tools they need to succeed (Hamari, 2011).

Social entrepreneurship, sustainable business, business ethics and social enterprise, encourages good, but also are also characteristics of an economy of sharing. "The shared economy is a strong sustainable economic system, which is built around a long-term vision, always considering the impact and consequences of present actions on the future. When considering the long-term implications, an economy of sharing presents a stable and sustainable economic system. The ways of thinking, and the need for a systemic approach to the paradigm shift is critical to your success (Sundararajan, 2011).

2.6 Activity Segments/ Global Trends

The most representative example is the company's North American AIRB & B where each person can offer and book houses or rooms for rent. Cars are the most representative example and today the Uber company is also based in San Francisco as mentioned above. In this case,

the business model proposes the connection between non-professional drivers and passengers in a clear allusion to the traditional ride.

Money: In the kick starter, a North American company, you can donate money to fund projects and products, different experiences from various sectors, bike sharing and private aircraft. There are plenty of companies emerging in most economic sectors. We can see some examples of successful segments in which they are operated, in Figure 2.

Name	Segment	Market	Consumer benefits
Vayable	Tourism	Global	Experiences created by locals
AIRB&b	Accommodation	Global	Local Accommodations
Zippcar	Car sharing	Global	Automobile Savings service
Couchsurfing	Social	Global	Local communities support
Sidecar and lyft	Car sharing	Global	Car controlling costs
Traveling spoon	Food	Global	Genuine food
Rent the runway	Clothes	Global	Clothes rent

Sources: Sustainableman.org

Figure 2 Successful Segments

Current trends of the shared economy models at the most successful global level are identified and it will take a few years for the improvement of existing models as well as the expansion of new industries as mentioned in Figure 3.

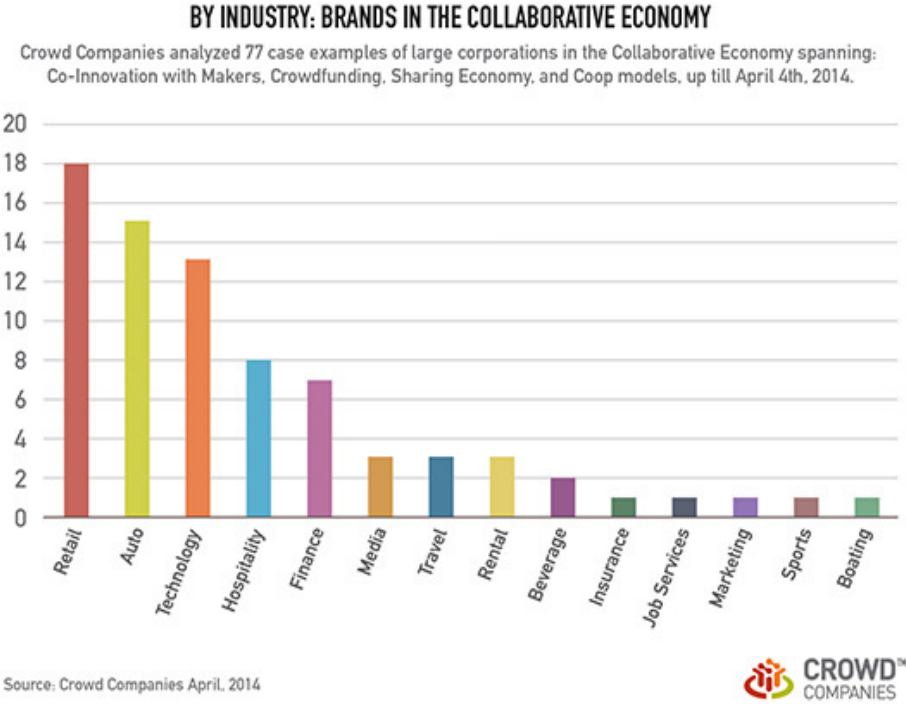


Figure 3 Industry Trends in the collaborative economy

2.7 Research Methodology

This chapter will cover the research methodology taken by me in this research. The tourism company selected belonged to Asian tourism market. I used the case study methodology by taking cases of AIRB & b and online marketplaces such as Withlocals selling services to carry out this research. Before selecting the companies for case study, the first step was to limit the scope of the research. The research topic is quite large and I found it important to limit the scope of research to a small geographical location. I limited the scope to the Indonesian tourism market with special reference to cities of Jakarta and Bali. Indonesia is a country in Southeast Asia with a population of 249.5 million inhabitants, which are mostly Muslim and has a gross domestic product (GDP) per capita around US \$ 4,700. The study of the impact of an innovative economic model in a country like Indonesia allowed understanding not just the social engagement levels and local economic dynamics, but also how to better comprehend entrepreneurship in the tourism sector based in a model of this nature.

2.8 Design science approach

The design science approach is based on outcome to evaluate and form guidelines of a research process using the information technology methodologies. The goal in this approach is to design innovative and creative artifacts to develop and improve the previously designed artifacts. It is a type of problem solving technique that look for ways to improve the performance of existing products or services (Holmström, Ketokivi & Hameri, 2009). Claimed that the design science approach helped to bridge the gap between theory and practice. In designing or development of artifacts it is important to not only limit the process to theoretical recommendations, but it is important to present a methodology that can help to implement it practically. According to Eder, (1998) while developing a product or service it is crucial to give importance to life stages and ethical and moral values of the product or service. Good artifact can only be developed if unsolved problem during the life stages and previously solved and product or service is viable in all stages of its life cycle.

Another important aspect of this approach is to develop a distinction between routine design and product or service designed with this approach. Routine design is any design that can be created for a particular product or service, but a design based on this approach is capable enough to solve the unsolved problems that can come during the life cycle of a product or service. Gregor & Hevner (2013) claimed that an artifact developed with the design science approach has maximum impact on the industry.

2.9 Research plan

The research plan adopted to commence this research is as follows. The goal of this research is to perform the quantitative analysis of the new service model developed for tourism. It was proposed that social paradigm can help to increase the economic development at the place as more tourists can be attracted.

2.10 Motivation and problem identification

Shared economy is a collaborative economic system that is based on collaborative efforts of the entrepreneur's to improve the economy of the industry. Social paradigm in this respect is a very important provision of best services to the tourists can help to improve the economy of the system. From the design science approach the motivation behind the research was to find the solution for an unsolved problem of social paradigm that can help to improve the shared economy. It helped to develop the research plan by focusing on the main problem.

2.11 Customer experience

Document reviews, observations, surveys, and semi-structured interviews were used to understand the customer experience regarding tourism in Bali and Jakarta. It shows that the scope was limited to Bali and Jakarta to save time and space. It was very important to identify the customer of this system and target audience. Individuals directly or indirectly related to the tourism industry were focused and interviews were conducted. Reviews of individuals belonging to the tourism industry were recorded and surveys were done. All these activities served as the primary source of data to understand the customer experience.

2.12. Evaluating the system

After understanding of customer experience the next step was to evaluate or redesign the system on the basis of customer experiences and solve the unsolvable problem of social paradigm. The following research was done to solve the unsolvable problem.

The global tourism industry, with the number of travelers set to reach 1 billion in 2013 (World Tourism Organization WTO, 2013), faces serious challenges in entering the sector with the sharing economy. It is necessary to make a clear division because there are two different types of services. Similar cases are the Airbnb & B&B accommodation and cases of online marketplaces as Withlocals selling services to travelers once, and usually these services are acquired when the traveler is already at their destination. Recently, several tourist associations, especially hospitality, have been organized to address these new business models as described above with the Airbnb & B case. Therefore, this chapter will focus on the case study of Withlocals Company and the Indonesian operations context.

Withlocals is an online marketplace that began its activities in July 2013. It is currently represented with activities for sale in China, Vietnam, Myanmar, Indonesia, Philippines, Malaysia, Singapore, Papua New Guinea, Sri Lanka, Nepal, Bhutan, Bangladesh, India and Brunei.

It is the first European company representative of shared economy to operate in the Asian market. It obtained an investment of 6 million Euros and belongs to an economic group operating in the Netherlands. It has received support from a Belgian development program, startups and expansion. The team currently consists of 14 people collaborating directly in the offices of the city of Eindhoven.

- Operation: Withlocals is a search engine of tourist activities centered on the very first home food experience. The company claims that they are the very first tourism company in the Asian tourism industry to connect travels with the help of food and experience.

The user (buyer), in two steps, can select the search country and automatically suggested offers listed by popularity and there are numerous filters that can be used to refine the search such as: price, duration, location, type of activity and number of interested people. Once selected, customer activity is brought to a final page for the transaction, where the responsible person, the comments of users and here, again, withlocals, should be especially careful in online security that can only be measured by these indicators (Withlocals, 2014). All descriptions of activity in more detail, are available at the moment for the potential buyer. Once you have chosen the filters you want, it is proposed that you advance to the transaction and here the client has two options: either advance to the purchase and receive a confirmation form showing their availability, or go directly to contact with the creator of the experience, which is one suggested customization of activity, a change of time or simply where withlocals allows direct contact with free text without any control. This aspect, which may seem controversial and strange, allows the customer to contact the organizer and bypass the online platform, but, here again, the online security remains an important role. Users prefer transaction from the platform because there is a security certificate that is known to the public as: PayPal, Visa or MasterCard and has the previous security held by the company to its content providers. The results indicate that the responses of interviews regarding this security point coincided in 90% admitting that security is a fear in buying time in reference to the two previous elements.

- **Market Difficulties:** The company achieved growth of 25% in the first four months, with respect to content, submitted by people who met at withlocals a means of subsistence parallel activities. 50% of respondents do it in parallel with their daily activities and routines. "It's an extra entry money for the family", the remaining 50% of respondents' organizer's clarify activities that are unemployed and consider the online platform a livelihood using parallel means of marketing and promotion, with the aim of increasing sales. "I'm investing a lot of my time in this model, I get many tourists in Bali and this is the best way that I have to promote my activities" (Andy, Jakarta, 2013). It is generally agreed that this model is important in the development of the local economy and there is a common consciousness in the organizers of these activities. However, it should be noted, in organizers exclusively engaged to withlocals as activity organizers, 50% of respondents already have a connection with the tourism industry and its distribution channels. Therefore, I conclude that there are two types of organizers:
 - Those who know the business first and insert content for sale.
 - Those who already have a interaction with the tourism industry and create activities to capture customers using the concept of shared economy, promoting the above activities that are already in use in daily routine with tourists, towards greater customization and interaction with them improving its products.

In conclusion, the observation and performed before analysis of the responses of the interviews, there is a tendency for customizing activities that once were classified as mass tourism and the absence of a unanimous awareness of the need to undertake and generate income, and this is a cherished model, respected both by activity organizers and customers.

3 Industry Analysis

On this chapter I will cover the important aspects related with tourism industry in a shared economy environment and the relation to our case study.

3.1 Industry Segments

The tourism industry is undergoing profound changes in business models and market positioning concepts. One reason for this transformation is the global economic environment, which continues to affect the most developed countries and to promote changes to the social habits within them (World Tourism Organization, 2013). However the tourist segment shared economy is taking a major highlight in the light of these changes, essentially in hosting models like the case of AIRB & b. For a greater understanding of the industry segment that is operating, consider a sample in the figure 4 given below, where more traditional market positions are observed and in which the industry structure is possible. Though any business model based on shared savings is not included.

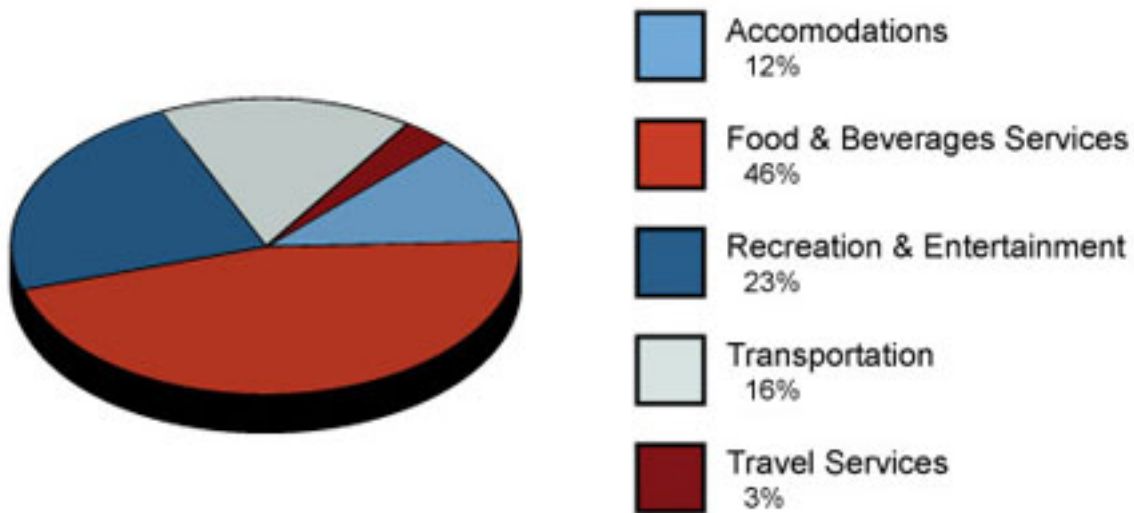


Figure 4 Tourism Industry Segments (Canadian Human Resources Council, 2013)

It is then easy to understand how the industry was organized by the emergence of the shared economy where tour operators have always maintained a central emphasis in the industry being the only pair to content providers to small operators. In this case, most of the others such as travel agencies, small agents, and multi-content companies are the intermediaries between the producer (tour operators) and the buyer. However, as regards the shared economy, the tourism industry provides a variety of industry segments which are impossible to describe at all, due to the growing multitude and creativity of them. This model, however, has not been considered a major one in terms of turnover, unlike the other sectors described above; it is considered a considerable degree of risk for several business angles. Being a relatively new market and despite the enormous tendency to increase, there are still Market resistances. Also the barriers of ideological prejudice are a determining factor in the success

of this model. In my contact with this industry some respondents externally revealed some discomfort with these models for withdrawing work of skilled professionals and promoting an informal workforce (Yochai, 2011).

In my research, I confirmed that there is this underlying view of these facts to consider with the help of acquired results and contexts. However, this group does not model the defenders and especially professional guides and traditional tour companies. However, it should be noted that this shared economic model promotes a different kind of tourism and is not competitive with the traditional model said. As already mentioned, its importance is small in the service of tourism, but it is promoting the association with traditional business partnerships. However, several studies point to the next five years of their development to a much higher level than currently attained (Crowd Companies, 2014). The competitors as Vayable has had a hard road to his claim and despite receiving considerable amounts of investment only recently managed to achieve reasonable values without having entered into scale yet. On the other hand GrandTourGo a rival based in Hong Kong closed its doors because, according to the opinion of the directors will model unsustainability and tickets reduced, compared to that expected by investors.

This company was only focused on the Asian market as withlocals. However, in comparative terms there are substantial differences that I must point out in favor of withlocals such as design and aesthetics, operation of the simplest marketplace structure from choosing through to purchase and product quality. But according to my research and the opinion of respondents, the management of online communities is very intense, scheduled and coordinated with the strategy of social communication. The issue of online security and credibility also raised problems from the start. Withlocals is a fully transparent company, and accordingly, may come into contact with any member of the working team, and it is possible to verify the address of the registered office and get in touch with the executives of the company. They are using a LinkedIn profile added to this web space company so has assigned credibility which is a key point for users and buyers. Grandtourgo for example, did not make this information available in the online platform, making a platform that could even have had potential, dubious information where web customers could not make a formal complaint if necessary.

Since these activities are created by retail companies, the level of expertise is not very high, but provides rewarding experiences to customers where social aspects are valued along with common appreciation of personal relationships in such activities (Hamari, Sjöklint & Ukkonen, 2015 – in press) It was reported in interviews that this is one factor that leads many people to receive clients in their homes. The enormous difficulty of socialization because of the work pace becomes increasingly difficult in continuing friendly relations and this is a very peculiar way to boost relations. The activities and experiences that are promoted - and the marketplaces Withlocals case is no exception - are varied activities that use a theme, such as adventure, and this segment can include extreme sports, or other sports, as well as a variety of activities coinciding with numerous segments, being difficult to classify and covering a wide range of services.

Examples: motorcycle tour of castles is considered Adventure.

Therefore, there are sub activities such as winery: this example is clearly an activity related to wine where the perception of the customer is central to the sub-theme that can be included in the marketplace as follows:

(Theme: Adventure, subtheme Winery: Description: three days on Thursday in the Douro, Monitoring the annual harvest and participating in wine tasting Included riding terrain in the mountainous regions with a high degree of skill required driving Jeeps. Some companies use filters or tags to search choice. There are filters in Withlocals in order to facilitate the search to the client. With the existence of general activities and sub activities used by these companies to classify their content, providing assistance to buyer customers in the research and purchase, as well as supporting the organizers in the submission of their sales and facilitating searches for both customers and sellers through filters as in the case of Withlocals. The number of activities or experiences that can be submitted in tourism enterprise web services based in sharing economy is very diverse, and as it impossible to characterize them all, I will just mention two examples of each type and approach those used examples by Withlocals.

Activities:

- Urban: This case can be any activity performed in an urban environment encompassing a variety of activities with sub themes. It ca be traditional activities such as tours in cities, trips, visits to museums and places of interest.
- Going up and Down: This kind of experience is very general and allows people to be led by a guide who will take them to experience the main points or tourist destinations of the place in question.

Sub activities:

- Winery: Where there is a clear approach to activities related to wine
- Home Fooding: It is an activity promoted by local and is embedded in the food segment where anyone can promote cooking and having people in your home to try.

Activities that Withlocals operate:

- Home Fooding: It is an activity consisting in the sale of a service where the organizer promotes a dish cooked by themselves and thus utilizes it to receive guests in your home.
- Tours: more traditional content tours in design, yet are driven by a local staff by promoting alternative activities to known as traditional routes to be operated by groups of large tourist companies.
- Activities: various activities different from the two described above and thus can capture a wider audience.

We can observe the different existing segments in the industry and where Withlocals stands in the tourist market.

Withlocals is centered in a very recent business segment characterized by home fooding which means someone cooking in their home and selling this culinary experience on the

platform. However, this was the business line that were focused until July 2014. Currently opened are other segments of activities such as Tours, which can be sightseeing or just showing the traveler the best restaurants. These tours have a diversity being very comprehensive and it is impossible to characterize them all.

There are numerous models that are indirectly linked to the tourism industry. The vast majority are of a formal economic point of view, i.e. they are a shop that provides a product or service. However, there are a great variety services that cover almost all business sectors. For example, addressing our Withlocals study, 30% of respondents (product developers) mention the fact that buying products for preparation of his experience before the customers arrive, i.e. food, in this case is something specific. On the other hand, the tours activities, 25% assume that the use of business premises of their liking leads customers. This is the case, so creates a local economic handling. In exactly the same way, is the use of services such as the use of fuel, other food products and other services that meet the activity of the customer, and can be very broad by the activity created. The conclusion is that 100% of respondents assume the need for indirect services or products.

3.2 The sustainability model

The sustainability of having a business model based on shared savings in tourist segment depends on several indicators that secondary research came to demonstrate:

The need for capital for investment in digital marketing and community building is vital to the better performance and success. However, this marketing and publication in the online communities depends on several factors that must be taken into consideration. In the case of Withlocals , they started with home fooding activities covering a specific industry in a country which is highly valued in the power segment and associated social relations. So there are cultural factors aggregate to concept (Withlocals, 2014). The success of online communities will always depend on the number of people want to uptake services in this way and which have special attraction for cooking and at the same time a taste for socialization. Refuting earlier claims, the importance that the city of Jakarta gives the power is visible in the informal dimension of the known street foods where any one kitchen can produce a product and sell it. So, culturally this direct relationship already exists. 30% of respondents (business promoters) mentioned that share a taste for cooking and culinary skills they would like to share with foreigners, being that this activity is combined with the taste for socializing in the city of Jakarta. The business model Withlocals when analyzing business data in terms of sales and content regarding the time they are working, and taking into account production costs are in the order of 10% basing myself on production costs, Withlocals, diodes, and other existing models in the market. Leading me to conclude that it is a sustainable model. However, it is necessary to take into account the extent of the market, the availability of it and the cultural aggregate factors.

The need for capital in the form of seed capital or foreign investment to an investment in digital marketing and community building is vital to good performance and success. However, the marketing and publications in the online communities depend on several factors that must be taken into consideration (Bostman & Rogers, 2010) In the case of Withlocals , they started with home dinning activities covering a specific industry in a country which is highly valued in the segment and associated social relations. So there are

cultural factors aggregating the concept. The success of online communities will always depend on the number of people interested in undertaking the activity this way, and with special attraction to cooking and at the same time a taste for socialization. Refuting earlier claims, the importance that the city of Jakarta gives the power is visible in the informal dimension of the known street foods where anyone with creativity can create a product and can sell it.

3.3 The value proposition

The value proposition for stakeholders is of enormous importance in these models of shared economy. Not only in the models that exploit the tourist industry but also in most other models.

For buyers' customers clearly there is a genuine proposal with aggregate social relations and on most models with a lower price than traditional models. Customers in the case of Withlocals prefer these economic models in 100% of cases interviewed. Awareness is reflected in the responses obtained where the value proposition is clearly stated. "The price, the originality of the activities and social relations are increased because there is a service which to some extent is concealed and which looks more like an experience with friends" (Puspita Imelda, Jakarta 2014)

Regarding the value proposition for activities promoters, the answers of the interviews were unanimous in highlighting the possibility of getting extra tickets with this model. Also enabling the creation of more local activities for subsequent sale to visitors who would find it too complex to carry out all at once. With these distribution channels, Withlocals help increase the visibility of people as opposed to traditional businesses. Thus promoting one entrepreneurship, in many cases informally and in case of a large majority, Withlocals. However, this informality implies other values such as responsibility for managing people and assumed social qualities.

3.4 The business model in the case study

The relevance and importance of virtual communities and social networks is critical to the success of a business model of this nature. The digital marketing companies have been leaning on concrete strategies and actions with the intention of attracting new users to digital platforms with this conceptual model (Tonkinwise, 2011). However, several studies point to findings, which explain that advertising and social networks alone as promotional means of a structure of this nature are insufficient and ineffective. The need to create virtual communities next to followers is vital to the success of these business models. However, the way they are raised for these virtual communities is where the difference of an advert, often camouflaged with activities, is of interest to users.

Currently, most research on shared economy looks causal relationships between such sites and resources available to participants to join, but this chance can be encouraged. In the local observation with reference to the case study Withlocals, the company took the decision to undertake an advertising campaign with a registered vehicle, in this case it was a famous

chef, where free meals were offered. The purpose of the input was, on creating a driver model concept and allowing users to capture this specific segment for their virtual communities Facebook, Twitter and blogs associated with the brand. There was an association of a public figure, the user's interest in original meals and the catalyst which was the possibility to user offer their meals and sell on website. Thus, they multiplied interest in this segment in virtual brand communities. This was the model that propelled the brand in Indonesia and other Asian countries where it maintains its presence. "The shared economy depends on regulatory frameworks that establish common ground stakeholders required to transact with each other" (Tonkinwise, 2011).

On the other hand, there are indeterminate growth factors that lead to these virtual communities. However, it may also provide economic benefits (money economy by facilitating access to resources), which are a more individualistic reason to participate because the money factor is one of the major drivers in participation.

3.5 The Canvas Business Model from case study

The Business Model Canvas is a strategic management and lean startup template for developing new or documenting existing business models. In our case study we use it to describe the company strategy and how each block are connected. The Business Model Canvas was initially proposed by Alexander Osterwalder based on his earlier work on Business Model Ontology.



Sources: Withlocals

Figure 7 Withlocals Canvas Model

Key Partnerships:

Local Insiders: Person who have the local knowledge and have the passion to meet new people and learn and share culture experiences.

Locals Tours operators: Is a local company who offer genuine and rich travel experiences in form different tours as design & art tours, museum, theater, photography, literature, history and architecture.

Technology: Build a team who can provide Updating's, apps, Technological implementations in house instead outsourcing

Key Activities:

Digital Marketing implementation: Social media Strategy

Using social media activities as a platform to increase brand awareness and also building database of tours and activities for our consumer.

Facebook account: Platform where basically inspire our customer to use our service and at same time sell the activity in country. One of main strategy is to: Connect the traveler with the local .

Instagram: Where the guides and costumer get inspiration and confirmation of the feeling of our services and brand by watching videos and pictures.

Twitter: To create discussion about our brand and service.

Google +: To create discussion about brand and services and give us visibility together with tours groups.

YouTube: Use to brand advertising and to spread our own spot and commercial videos.

WordPress: To spread our communication with our customers and at same time same time communicate with our brand.

LinkedIn: To Spread our communication with our future content providers.

Tourism Schools: to help us giving exposition and find new guides.

Tourism guides associations: to give us exposition and find new guides.

Mobile Marketing: To target this important groups with creation of app to mobile

Mailing Marketing: To spread regular news letters and company relevant information's

Video Marketing: Use video Strategy on our website in landing page and to promote our products and branding.

SEO Search Engine Optimization

SEM increasing our visibility in search engine results pages

Affiliate Strategy: Give opportunity to hospitality companies, bloggers and other individuals to have our promotional banners and other material and promote our brand in their webs earning small fee.

Partnerships: With local airlines example: hospitality companies: Sharing Economy Businesses t provide complementary to concept business model.

Media Press Strategy: Magazines and newspapers, select different magazines and newspapers for travel industry to develop the link between With Locals and the target market.

Blogs: Travel bloggers which can spread our message about our services.

Advertising campaigns: Give 10 receive 10 campaign to bring friends: Promotional campaign to promote social media incentives.

On digital channels like google, specific travel magazines,

Product integration: Destination websites, blogs, travel communities, tourist boards.
Integration solutions: Widgets, links, banners

Google ad sense and other online relevant advertising

Summer Festivals: Local representation and sponsor's

Key resources:

Improvements of platform, Redesign,

Apps Developing

Real time clients support: Our clients will need live chat support

Exceptional branding: Is a challenge this brand

Community Building: without online communities we don't have clients.

Premium accounts to the local guides

User friendly platform

Easy process to pay

Value Propositions:

Global vision to clients: Because with our platform clients can search from one single database.

Genuine experiences: Because our activities are created by locals and small companies

Choose best price option: Clients can choose the best prices

Social network integration: They can see what friends already bought and see recommendations from friends

Activities curation: The clients can contact the provider and ask customization

Search by interest: They can search on website by interest and not only places.

Customer Relationships:

Real time online support b2b and b2c (both segments need support and they always have doubts)

Online quality surveys: Is important the opinions of clients to improve quality

Channels: Database information of customer behavior

Website

Apps: We pretend to cover all mobile systems to reach our mobile clients.

Customer Segments:

General profile:

Customer between 25 - 40 years old.

Tendency more woman's Superior studies

They have professions like artists, writers, actors, etc.

Adventurous profile Independent traveler's.

Home fooding:

Persons with passion to gastronomy Chefs

Consumers of certain products related with food Persons with needs to sociable Consumers of food workshops

families

Urban Tours:

Users of airbnb and uber, Persons with particular interest for adventure Consumers of specific interest from travel and adventure. City products consumers with Interest in urban activities

Adventure Tours: Travelers, Users of airbnb and uber

Persons with particular interest for adventures, Tour guides

Small local companies with interest access tools to promote their services.

Channels:

Website Withlocals

Apps Mobile: To target groups usually buy with mobile

Digital Marketing channels: all related above with digital marketing strategy and social media

4 Results

The results show a change in the social paradigm allowing locals to access extra income and driving micro-entrepreneurship, thus promoting local economic development. Furthermore, these new services offer customers an experience not available in standard companies, allowing them to interact more deeply with the local culture and people. The degree of satisfaction of both parties (customers and service providers) is high, reaching 100% in some segments of activity. The opinion is unanimous when referring to the need for changing the current economic models. Furthermore, the increase in awareness has become a catalyst factor for the factors involved. Interestingly, the results revealed that, although the initiatives in creating tourism content emerged in result of initial curiosity, more than 50% of the cases turned into regular activities.

Table 1 below: presents the results showing the percentage of respondents that referred each aspect. Interestingly, the results for both tourists and service providers were, so far, not that different. All tourists' motivation for engaging in these experiences was to socialize and almost all showed their urge for seeking something new and adventurous. As expected, service providers' motivation for offering these services was to gain extra income. However, they also want to meet new people, share experiences and become hosts. Information is very important. Customers acknowledged that it influenced their buying process, and service providers understanding of reviews on the website were critical for their business. Regarding security, only a few showed concerns about security problems in the service provision. From the customer's side, fear of what may happen during the experience, and from the service providers the fear of opening their homes. The satisfaction of customers and service providers was very high and they appreciated the friendly attitudes that characterized these interactions. Noticeably, only two persons were not happy with the tourist sellers, service providers and recreational organization. Very important is that almost all referred to the notion that tourism culture is changing not only in Indonesia but in the entire world and agreed that tourism is now the future of economic growth. Also, most respondents recognized the economic benefits derived from this type of tourism, and the benefits for local economies. Furthermore, service providers know that offering a value proposition attractive to customers at a price they are willing to pay is important, which was referred to almost all customers. For example, a service provider said that "the price, the originality of the activities and social relations that are augmented by this service is to some extent concealed and is more like an activity with friends".

Table 1 Aspects influencing tourists and service providers

	Tourists	Service Provider's
Motivation	100% social aspects 70% seeking new experiences	100% extra income 90% social aspects 75% share experiences and becoming hosts
Information	75% reviews on website are the most important aspect before buying	70% reviews are important to have more clients
Security	18% security, fear of what may happen	18% security concerns about their home
Satisfaction	100% friendly attitude 90% satisfaction	100% sociable and friendly customer interaction 90% satisfaction
Tourism Changes	90% this change would be the future of tourism 87% tourism is changing the way we travel and interact with each other	100% will be the future of tourism 90% tourism is changing the way we travel and interact with each other
Economies Benefits	90% is important to local economies.	100% is beneficial to local economies
Value proposition	90% value proposition is important 75% price determines buying decision.	100% value proposition is important to clients 70% price is critical

Observation

Participants were observed in their activities related to the creation of tourist activities, choice and planning of the same. From the time of release information to the sale of the same in Withlocals platform. The proximity with 50% of participants allowed for a similar approach to micro ethnography model which is known to be more suitable for a short period of time and research (Olcott in Bryman, 2004). However, this method involves life with the researchers and researched and this was not possible at 100%. But only with 25% of the organizers of the activities.

Discussion

Tourism is man's most luxurious endeavor as it involves discovering the world in its expansive and elaborate form. Today's tourism isn't limited to the travelling expenditures but it includes accommodation, food and many other means of splurging money. Tourism has become a very celebrative aspect for the countries involved, an opportunity to boost their economies and make positive increments in their wealth. Countries are making international amendments in their internal infrastructure, their travelling mediums, and the welcoming gestures that their country offers and leverages in their systems to accommodate. Tourism is becoming linked to sharing economies that involve the correspondence of social interactions with economic gestures of the country (Sundararajan, 2011). The usage of different resources attributed by the economy motivates the sphere of tourist activities. Great developments have been enveloped in the tourism industry and many of these utilize advancements in technologies. The great smartphone storm that seems to be enveloping our lifestyles is a great example of sharing economy in tourism. The fast track services of travel agencies and their incorporation in smartphones have made it a simple matter of a touch to organize the itinerary. The locations of hotels, inns, eating outlets, shopping arenas, plazas and other places worth visiting can be easily accessed by the use of smartphones. Smartphones have also improvised the mode of communications in foreign lands.

Companies orienting tourist services tend to rely on the utilization of shared economies to establish their business to an increased level. The combustion of human resources and services to enhance the invitations of foreign public in one's country has seen to be growing rapidly. Sharing economy is becoming a ranged effortful task combination which brings about the resourceful output in a much more synchronized method. Bringing together the applications inherited from different localities of a country that help to frame the country's dominion, can be a creative and ingenious way to increase the reputation of the country economically and its relationships in the foreign world.

Tourism is a method of bringing good enterprises, wealth and fortune into the country through the hands of the visitors from various countries. But in order to obtain the fruits of tourism, a country needs to work to build up a nation that is worth the expense laid out by external sources. Many countries are bestowed with natural beauty that works in its favor in attracting different people from around the globe. But safeguarding these natural miracles is also very important because these are commodities for the country. Other nations having a collection of construction and manmade wonders also have a great amount of people desiring

the views of these locations. But like the natural objects of beauty, these physical wonders also require restoration on a regular interval to keep these timeless pieces of history intact in their decorative purposes. All these efforts are made by the shared economy of the country's government in different organizations that work under contracts to put exercised practices in the development of the tourist industry.

Shared economy plans out different transactions and manipulations in the country to set about the drill of tourism growth (Gregor & Hevner, 2013). Tourism represents the manifold of a country's services to the outer world, the people and the physical character of the nation that works as an effigy in the entire global atmosphere. A country needs to create driving forces and attractive endearments towards its existence, to form divergence in the mentality of people in its accordance. The country's management needs to devise such objective resolutions to help reincarnate the architectural designs, the infrastructure, the different systems and legislatures to enlighten the magnetic induction of tourism. Sometimes certain creative issues, terrorism, political instability and environmental dysfunctions of the country can clutter the existence of tourism; the existing government needs to pay attention and manage its budget accordingly, to help designate functions to bring about positive reflections of tourist attractions with the help of sharing economy.

The pavement of a ritualistic celebration of tourism and its punctual optimistic grounds are an ever giving source of economic excellence to a country. Tourism becomes a helpful entitlement for a nation even when other forms of economic provision tend to close their doors. Steps to improve the internal system of the country are important to help the tourists having a memorable time. In order to do this, shares economy can be used to help bring equity and exuberance in the different task forces of the country. Tourists become highly sensitive towards any aggressive extremism in the country they visit. Therefore, a beautiful but dangerous country is never on the list of priorities of for tourist. It is important that law is properly practiced in countries that are sites of tourism but that get restricted by oppressive activities. Moreover, it is also important that a level of discretion and specialty be given to different outfits that are corrupted by disloyalties and unlawful behavior. All this is possible through a regionalized economy that is seen to work in a segregated and combined work space.

Shared economy is seen to have a remarkable effect on tourism (Molz, J, 2012). It is seen to help in the growth and development of the global attraction of a country, becoming a centerpiece of decorum. Shared economy helps to establish a link between the social calibration of the nation and the economic acupuncture of the government. Tourism is a very clean, natural and well-designed method of obtaining a good amount of economic revenue for a country and it also helps in the buildup of popularity for that country. Shared efforts installed by the different regions and sectors of the establishment of a society help to acquit a successful blend of transformation of the country's physicality and acceptance of an intellectual invitation to all peoples of the world (Koopman et al, 2014).

5 Conclusion

The study results showed the most important aspects for tourists who are looking for new local tourism services. Also, the aspects from the service provider perspective were uncovered. These factors are related to motivation, information, security, satisfaction, changes in tourism culture, economic benefits and value proposition. Tourists are motivated and becoming aware of this new service and the impact on local economies. However, a few of them are also fearful. The service is of good quality and almost all the customers are satisfied with it. This satisfaction gives them the motivation to revisit and avail this service again. They will revisit also because they believe that this service was of good value.

The results also show a change in the social paradigm allowing local citizens to obtain more income and enabling micro-entrepreneurship, which drives local economic development. Furthermore, these new services allow customers to engage in experiences not available in standard tourism companies, enabling them to interact and know more deeply the local culture and people. These services are offered using websites that serve as intermediaries between customers and service providers, which help increase the visibility of people as opposed to traditional businesses, thus promoting informal entrepreneurship. However, this informality assumes other values such as responsibility for managing people and requires social skills.

The legal issues with the implementation of these economic models are still, in some countries, an obstacle to its development, although these economic models are in global expansion in most of the sectors. There is a growing awareness with respect to the environmental advantages of the implementation of this model. They enable developing countries like Indonesia to thrive upon the tourism market and to foster economic growth. Further research is needed to deepen the understanding of how new services enabling economic development in underdeveloped countries can be developed. Also, it is important to understand the motivations behind the customers' choices, and how value can be co-created between service providers and customers.

Value proposition is that main fact that can increase customer satisfaction and they will use the service more. More use of service will drive in more customers, giving economic benefits to service providers and also giving economic gains to the countries. Thus, developing the service value proposition should be given prime importance.

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Appendix A Interview Questions Tourism Services Suppliers

Como surgiu a oportunidade de criar conteúdos turísticos e submetê-los em venda no site?

O que submeteu?

Acha as taxas que paga a empresa detentora do portal justas?

Qual a sua relação com a empresa? que benefícios tem?

Porque a escolha do tema e não outro?

Acha que é importante a criação destes conteúdos de forma individual? Sente que enriquece a sua cultura ao mostrar-la de uma forma tão genuína a estranhos?

Insegurança sentiu alguma vez? Pensa que poderá ser um problema?

Pode explicar o processo de criação e inserção dos conteúdos?

Geralmente recorre a outras empresas? por ex aluguer automóvel, ou outro serviço que complemente a sua oferta?

Para a sua economia é relevante este tipo de ingressos? Porque?

Que ingressos geralmente tem?

A sua família tem um envolvimento ativo quando recebe turistas?

Noutras experiências que tem em venda no site também mostra a cidade e lugares mais desconhecidos dos turistas tradicionais. Porque esses lugares e não outros?

Pensa que este modelo de negócios impulsiona o empreendedorismo? Porque?

Sente que há um maior compromisso ambiental? porque?

Appendix B Interview Questions Clients With Locals

Porque a escolha de um produto assim? e não de uma empresa tradicional?

“O novo conceito de economia partilhada favorece as economias locais” O que acha desta afirmação? poderia comentar um pouco?

De que forma sente que pode estar a contribuir para o desenvolvimento local?

Sente que é sustentável o fato de comprar directamente a um local ? e porque?

Pensa que as empresas tradicionais poderão sentir-se ameaçadas?

O que mais destaca na experiência que adquiriu?

As pessoas?

A gastronomia

Pensa que podem existir riscos de segurança?

Conhece o conceito de economia partilhada? pode dar a sua opinião?

Sente que existe uma maior responsabilidade social com este modelo de negócios?

Em realidade este conceito não é novo. No entanto o que é novo é o impulso que obteve com a internet nomeadamente o impulso do P2P. Como vê o papel da internet neste modelo de negócio?

Pensa que este modelo de negócios impulsiona o empreendedorismo? Porque?

Sente que há um maior compromisso ambiental? porque?

Do ponto vista do comprador sente que existe um impacto na economia local? e porque?

Appendix C Survey 1

Questionnaire:

Genre *

Maculine

Feminine

Age Group *

18-25

25-35

35-45

45-55

55-65

65-75

75-85

85-90

Children *

Yes

No

Origin Country? *

Portugal

Brasil

Angola

Mozambique

USA

UK

France

Hobbies? *

Watch TV

Film

Sports

Travel

Reading

Outro:

Scholarship *

basic

Secondary

Bachelor

Master

PHD

Pós PHD

Outro:

Com que frequência costuma viajar

uma viagem por ano

duas por ano

tres por ano

quatro por ano

cinco ou mais por ano

não costumo viajar

Motivação da viagem *

- Lazer
- trabalho
- Lazer e trabalho
- Não viajo
- Outro:

Em que segmento está inserida a viagem que fez no último ano *

- Sol e praia
- aventura
- urbano
- cultural
- rural
- Outro:

Quando pensa em informar-se sobre um destino de viagem geralmente recorre *

- Google
- yahoo
- sites de turismo
- internet em geral
- Agencia de Viagens
- apps mobile
- Outro:

Alguma vez comprou uma viagem com hotel incluído *

- Sim
- Não

Pode indicar o nome da empresa em caso afirmativo?

Foram quantos dias na viagem com hotel incluído?

- fim de semana
- sete dias
- mais de sete dias
- menos de sete dias

Como vê o papel das agencias de viagens na compra de uma viagem *

- pouco relevante
- importante porque há destinos que requerem vistos e muitas burocracias
- Acho que terão tendência a desaparecer ou a especializar-se
- Já tive problemas com agencias prefiro comprar sem intermediários
- Não viajo
- Outro:

No processo de aquisição da viagem fora de Portugal *

- Uso Internet para transacção voo somente
- Uso internet para transacção voo e hotel em sites diferentes
- Uso internet para comprar uma viagem que incluía hotel e voo
- uso internet para comprar uma promoção de viagem
- Uso internet para comprar de uma agência de viagens online
- Prefiro ir a uma empresa de viagens pessoalmente
- Não viajo
- Outro:

Mas se é uma viagem interna? *

- Uso internet para transacção voo somente
- Uso internet para transacção voo e hotel em sites diferentes
- Uso internet para comprar uma viagem que incluía voo e hotel
- Uso internet para comprar uma promoção de viagem
- Uso internet para comprar de uma agência de viagens
- Prefiro deslocar-me a uma empresa pessoalmente
- Não viajo
- Somente estadia
- Outro:

Quais as actividades que costuma ter quando viaja em lazer *

- Ler
- Desporto
- Praia
- Natureza
- Não faço nada
- Estar somente com amigos
- internet
- actividades dos programas da viagem
- gosto de comprar tours locais
- Outro:

Estaria disponível para experimentar um novo serviço sobre turismo? *

- Sim
- Não
- Estou sempre atento a novidades
- Tenho muito trabalho
- Não sou curioso

Alguma vez pensou em organizar e vender viagens criadas por si? *

- sim
- não

O valor da viagem teve um peso importante no orçamento

- Preferia ter encontrado uma promoção
- Acho que com uma viagem organizada o preço é mais acessível
- Como comprei hotel e viagem separado ficou mais caro
- Como comprei hotel e viagem separado ficou mais acessível
- Como comprei por uma agencia poupei nos custos locais por estar tudo incluído

Se tivesse de fazer uma viagem a um país Africano com os riscos associados de doenças locais,vistos, seguros, segurança *

- Compraria viagem e voo separado pela internet
- Compraria tudo por uma agencia de viagens pela internet
- Iria preferir deslocar-me presencialmente a uma empresa
- Não saberia responder
- Outro:

Qual a sua percepção se tivesse de viajar a S.Tomé e Príncipe para férias de sol e praia *

- comprar um pacote de uma agência seria mais acessível
- comprar voo e hotel separadamente seria mais acessível
- Outro:

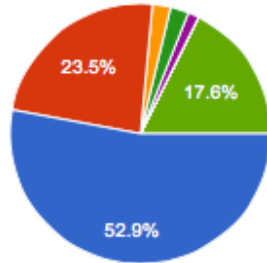
Existe algum destino que gostaria de viajar nos próximos dois anos? *

- sim
- não

Qual seria o destino? *

Responses:

Age Group

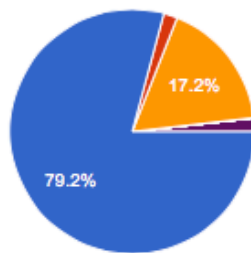


18-25	117	52.9%
25-35	52	23.5%
35-45	5	2.3%
45-55	5	2.3%
55-65	3	1.4%
65-75	0	0%
75-85	0	0%
85-90	39	17.6%

Children

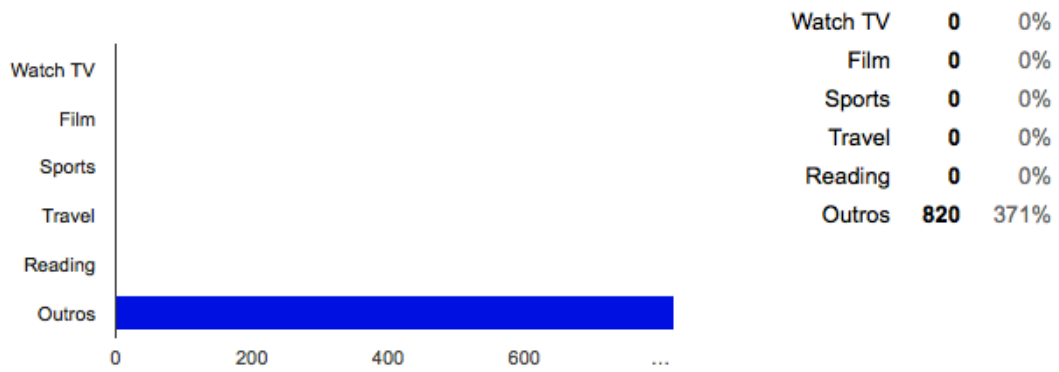
Yes	0	0%
No	0	0%

Origin Country?

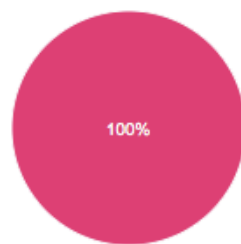


Portugal	175	79.2%
Brasil	4	1.8%
Angola	38	17.2%
Mozambique	0	0%
USA	0	0%
UK	0	0%
France	0	0%
India	0	0%
Spain	0	0%
Canadá	0	0%
Austrália	0	0%
Indonésia	0	0%
Italy	0	0%
Germany	0	0%
Sweden	0	0%
Brazil	0	0%
Outros	4	1.8%

Hobbies?

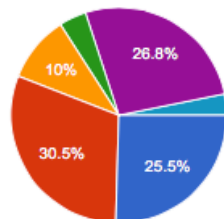


Scholarship



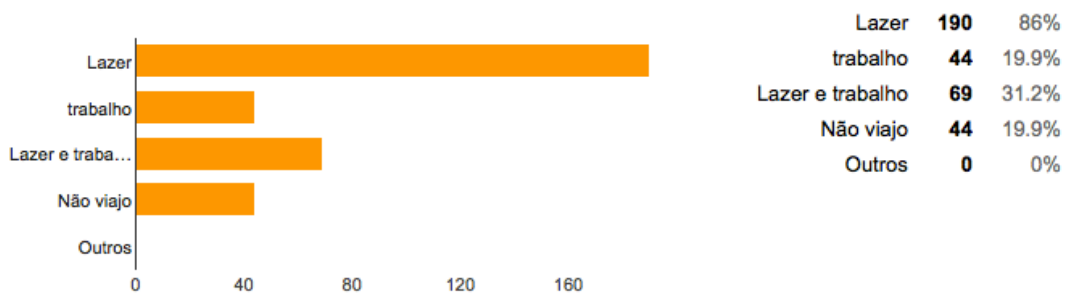
Scholarship	Count	Percentage
basic	0	0%
Secondary	0	0%
Bachelor	0	0%
Master	0	0%
PHD	0	0%
Pós PHD	0	0%
Outros	221	100%

Com que frequência costuma viajar

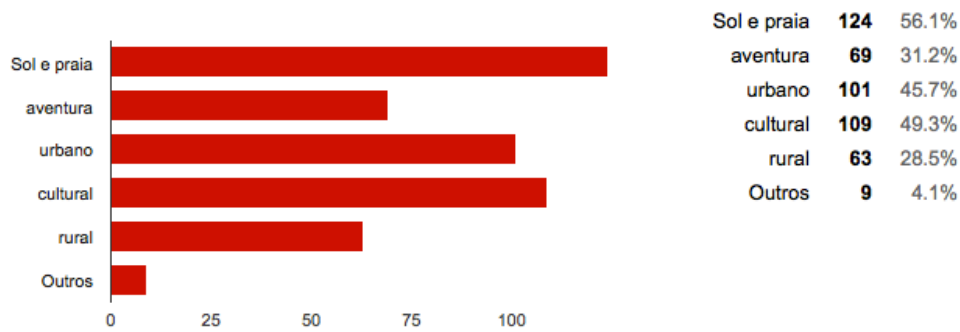


Frequency	Count	Percentage
uma viagem por ano	56	25.3%
duas por ano	67	30.3%
tres por ano	22	10%
quatro por ano	9	4.1%
cinco ou mais por ano	59	26.7%
não costumo viajar	7	3.2%

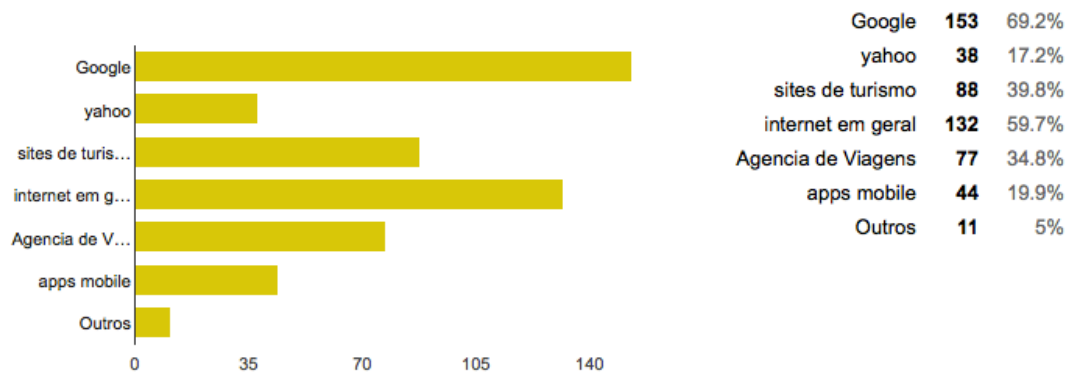
Motivação da viagem



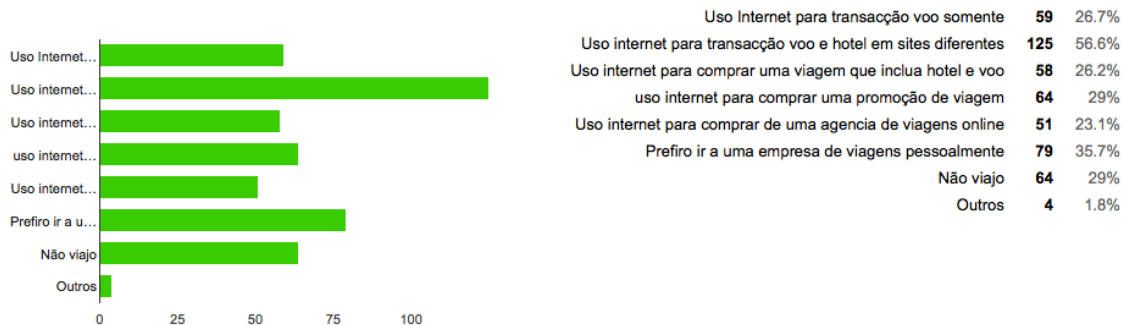
Em que segmento está inserida a viagem que fez no último ano



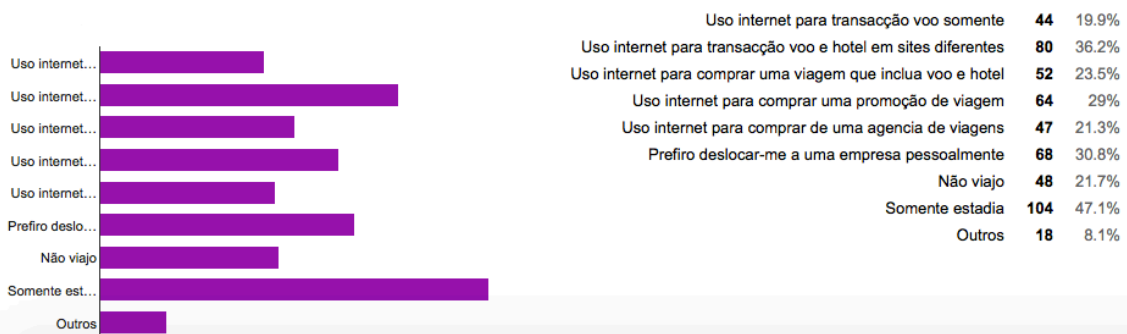
Quando pensa em informar-se sobre um destino de viagem geralmente recorre



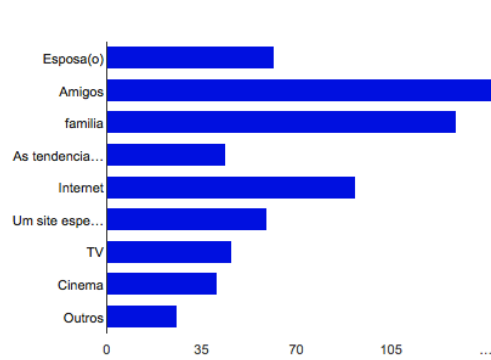
No processo de aquisição da viagem fora de Portugal



Mas se é uma viagem interna?

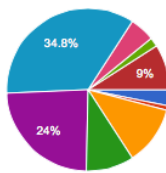


Que elementos mais o influenciaram na decisão da sua viagem



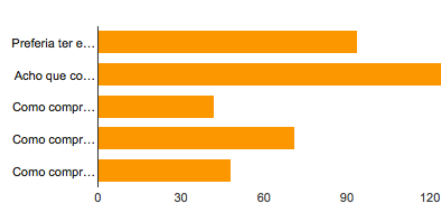
Esposa(o)	62	28.1%
Amigos	143	64.7%
família	129	58.4%
As tendencias da moda	44	19.9%
Internet	92	41.6%
Um site especializado em turismo	59	26.7%
TV	46	20.8%
Cinema	41	18.6%
Outros	26	11.8%

Como achou o processo de escolha da viagem



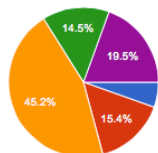
Aborrecido por haver muitas opções	7	3.2%
Não me entendo com meu conjuge e é sempre difícil	2	0.9%
A internet obriga-nos a pesquisar em muitos sites e detesto perder tempo	26	11.8%
Eu vou sempre ao mesmo site	21	9.5%
Procurar uma boa promoção perdem-se muitas horas pesquisa	53	24%
Não tenho opinião	77	34.8%
Prefiro escolher pela agencia e eles facilitam o trabalho	11	5%
Detesto procurar na internet compro presencialmente numa agencia viagens	4	1.8%
Outros	20	9%

O valor da viagem teve um peso importante no orçamento



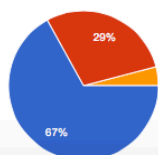
Preferia ter encontrado uma promoção	94	45.4%
Acho que com uma viagem organizada o preço é mais acessível	129	62.3%
Como comprei hotel e viagem separado ficou mais caro	42	20.3%
Como comprei hotel e viagem separado ficou mais acessível	71	34.3%
Como comprei por uma agencia poupei nos custos locais por estar tudo incluído	48	23.2%

Se tivesse de fazer uma viagem a um país Africano com os riscos associados de doenças locais, vistos, seguros, segurança



Compraria viagem e voo separado pela internet	12	5.4%
Compraria tudo por uma agencia de viagens pela internet	34	15.4%
Iria preferir deslocar-me presencialmente a uma empresa	100	45.2%
Não saberia responder	32	14.5%
Outros	43	19.5%

Qual a sua percepção se tivesse de viajar a S.Tomé e Príncipe para férias de sol e praia



comprar um pacote de uma agência seria mais acessível	148	67%
comprar voo e hotel separadamente seria mais acessível	64	29%
Outros	9	4.1%

Appendix D Paper presented at QUIS 13 (QUIS International Research Symposium on Service Excellence in Management) in Shanghai, June 2015.

EXPLORING THE IMPACT OF SHARED ECONOMY IN TOURISM

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ABSTRACT

This paper presents the results of a qualitative study exploring the sustainability of new service model based on collaborative consumption in a tourism setting. Thirty interviews were undertaken both with local communities in Indonesia offering the services and with customers, to understand the impact and type of services being offered. The results show a change in the social paradigm allowing locals to obtain extra income and fostering micro-entrepreneurship, thus promoting local economic development. Furthermore, these new services offer customers an experience not available in standard companies, allowing them to interact more deeply with the local culture and people.

KEYWORDS

Shared economy, sustainability, micro-entrepreneurship, collaborative consumption, tourism.

INTRODUCTION

In the current context of economic instability and complex environment, the need for recovery and development of national economies led to the emergence of entrepreneurs seeking opportunities, for generating wealth, employment, sustainable new business models and social development. This drove to a revival of the shared economy supported by new technologies, enabling the sharing of products and services. This new business service models based on collaborative consumption and citizens' participation allow a better distribution of income for local economies and their stakeholders. This new disruptive economic approach contrast from traditional business models, causing profound changes in societies and in the way citizens interacts with these organizations.

The small size required for this type of business drives a change of the economic paradigm in today's society, where more and more the acquisition process is driven by experiencing something new. The underlying base of this economic model is collaborative consumption, which is generally related to the activity of sharing goods and services inside of peer-to-peer networks. This terminology is usually associated to file sharing, and only recently, with the proliferation of technological platforms, its implementation became possible. This new disruptive economic approach contrast from traditional business models, causing profound changes in societies and in the way citizens interacts with these organizations. However, further research is needed on the impact of this new business service models on the local economy and citizens (Smith and Clark, 2010).

The sharing economy may become a way to promote more sustainable behaviours. People feel motivated to engage in sustainable behaviours, especially when they perceive that other consumers are also collaborating (Weitzman, 1990)..

Tourism is an important contributor in the economic growth of a nation. Factors such as environment, society and geography influence the attractiveness of a country and have an important impact in economic growth. Sharing economy is a fast way of creating balance between consumer demands and service providence sales because it links the top level organization like a five-star hotel with a low level organization like taxi service centre. In case of tourism, it will quickly meet the demands of consumer and will foster the economic growth of a country (Koopman, Mitchell et al., 2014)

This paper contributes with an empirical study of this new business models of shared economy. A qualitative study was undertaken in a tourism setting using a company as a case study. This particular study intends to better understand the economic model's sustainability, considering the challenges of today's global economy transformations.

RESEARCH METHOD

This study has the objective of studying an underdeveloped area, thus qualitative methodologies were used to obtain a deeper understanding of the phenomenon of interest (Corbin and Strauss, 2008). The objective was to analyse the structure of collaborative consumption from users and buyers point of view. The investigation was implemented in Bali and Jakarta cities (central hub of tourism from Asia and pacific and Australia) in Indonesia. The respondents were selected from buyers and sellers of a company that operates in the collaborative consumption of the tourism sector in Indonesia. This company provides a technological platform where local citizens can offer services such as tours and culinary experiences for customers around the world. The respondents consist of 15 customers and 15 sellers.

Several methods were used to collect the necessary data from March to June 2014, such as: document reviews, observations, surveys, and semi-structured interviews. The participants were observed during these activities related with the choice, creation and planning of touristic activities. Also, interviews were performed with the purpose of understanding the level of local and social commitment, as well as the indicators that promote this type of social and economical transformations.

The research methodology was structured around the motivation level of the consumers and sellers, the security and threats to the tourists, satisfaction criteria for tourist, alteration in tourism culture, the monetary benefits from tourism and the value proposition of both tourist and sellers (see Figure 1). Potential threats and concerns were also asked. This includes the social behaviour of the locals, customer satisfaction, tourism's culture alteration, environmental threats and hospitality concerns.

Figure 1: Threats and Concerns of tourism market



RESULTS

The study enabled better understanding of the underling factors behind tourists and service provider's choice for engaging in this exchange of service.

The results were structured around the factors that influence tourists and service providers. Seven factors related to motivation, information, security, satisfaction, changes in tourism culture, economic benefits and value proposition where identified. Table 1 presents the results showing the percentage of respondents that referred each aspect. Interestingly, the results for both tourists and service providers where not that different. All tourist's motivation for engaging in these experiences were to socialize and almost all showed their urge for seeking something new and adventurous. As expected, service provider's motivation for offering these services was to gain extra income. But they also want to meet new people, share experiences and become hosts.

Information is very important, customers acknowledge that it influenced their buying process, and service providers understand reviews on the website are critical for their business. Regarding security only a few showed concerns about security problems in the service provision. From the customer's side, fear of what may happen during the experience, and from the service providers fear of opening their homes.

The satisfaction of customers and service providers is very high and they appreciate the friendly attitudes that characterize these interactions. Noticeably, only 2 people were not happy with the tourist sellers, service providers and recreational organization. Very important is that almost all referred that the tourism culture is changing not only in Indonesia but in the entire world and agreed that tourism is now the future of the economic growth. Also, most respondents recognize the economic benefits derived from this type of tourism, and the benefits for local economies. Furthermore, service providers know that offering a value proposition attractive to customers at a price they are willing to pay is important, which was referred to almost all customers. For example, a service provider said that "the price, the

originality of the activities and social relations that are augmented by these service is to some extent concealed and is more like an activity with friends".

The results show a change in the social paradigm allowing locals to access extra income and driving micro-entrepreneurship, thus promoting local economic development. Furthermore, these new services offer customers an experience not available in standard companies, allowing them to interact more deeply with the local culture and people. The degree of satisfaction of both parties (customers and service providers) is high, reaching 100% in some segments of activity. The opinion is unanimous when referring to the need for changing the current economic models. Furthermore, the increase in awareness has become a catalyst factor for the actors involved. Interestingly, the results revealed that, although the initiatives in creating tourism content emerged in result of initial curiosity, more than 50% of the cases turned into regular activities.

Table 1: Aspects influencing tourists and service providers

	Tourists	Service Provider's
Motivation	<ul style="list-style-type: none"> • 100% social aspects • 70% seeking new experiences 	<ul style="list-style-type: none"> • 100% extra income • 90% social aspects • 75% share experiences and becoming hosts
Information	<ul style="list-style-type: none"> • 75% reviews on website are the most important aspect before buying 	<ul style="list-style-type: none"> • 70% reviews are important to have more clients
Security	<ul style="list-style-type: none"> • 18% security, fear of what may happen 	<ul style="list-style-type: none"> • 18% security concerns about their home
Satisfaction	<ul style="list-style-type: none"> • 100% friendly attitude • 90% satisfaction 	<ul style="list-style-type: none"> • 100% sociable and friendly customer interaction • 90% satisfaction
Tourism Changes	<ul style="list-style-type: none"> • 90% this change would be the future of tourism • 87% tourism is changing the way we travel and interact with each other 	<ul style="list-style-type: none"> • 100% will be the future of tourism • 90% tourism is changing the way we travel and interact with each other
Economies Benefits	<ul style="list-style-type: none"> • 90% is important to local economies. 	<ul style="list-style-type: none"> • 100% is beneficial to local economies
Value proposition	<ul style="list-style-type: none"> • 90% value proposition is important • 75% price determines buying decision. 	<ul style="list-style-type: none"> • 100% value proposition is important to clients • 70% price is critical

CONCLUSION

The study results showed the most important aspects for tourists looking for new local tourism services. Also, the aspects from the service provider perspective were also uncovered. These factors are related to motivation, information, security, satisfaction,

changes in tourism culture, economic benefits and value proposition. Tourists are becoming more aware of this new services and the impact on local economies.

The results show a change in the social paradigm allowing local citizens to obtain more income and enabling micro-entrepreneurship, which drives local economic development. Furthermore, these new services allow customers to engage in experiences not available in standard tourism companies, enabling them to interact and know more deeply with the local culture and people.

These services are offered using websites that serve as intermediaries between customers and service providers, which help increase the visibility of people as opposed to traditional businesses, thus promoting informal entrepreneurship. However, this informality assumes other values such as responsibility for managing people and requires social skills.

The legal issues with the implementation of these economic models are still, in some countries, an obstacle to its development, although these economic models are in global expansion in most of the sectors. There is a growing awareness with respect to the environment advantages of the implementation of this model. They enable developing countries like Indonesia to thrive upon the tourism market and to foster economic growth.

Further research is needed to deepen the understanding of how new services enabling economic development in underdeveloped countries can be developed. Also, is important to understand the motivations behind customers' choices, and how value can be created between service providers and customers.

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Appendix E Market analysis and Benchmarking Tourism companies 2013

Data from Visitors

	 Vayable	 tours by locals.com	 viator	 Get Your Guide	
Clients segment	18-24 % reduzida / 25-35	45-64 / +65	45-55 / 55-64	25-34 / 35-44	
school	Graduate school / college	Graduate school / college	Graduate school	Graduate school / college	
Genre	Mulheres	Mulheres	Mulheres	Mulheres	
where people buy	Trabalho	Trabalho	escola e trabalho	escola e trabalho	
children	Não	Não	Não	Não	
Global internet ranking	124,364	69,561	5,791	43,027	
Ranking USA	110,267	75,674	3,064	46,714	

				
Origin	EUA	Canada	EUA	Suiça
Foundation year	2011	1998	1997	2008
employees number	9	N/D	100	40
Clients segment	25-35	45-64 e +65	geral	geral
Global presence	Internacional	Internacional	internacional	Internacional
apps mobile	não	não	sim	sim
Languages	Ingles	ingles	multiplas línguas	multiplas línguas
Diferentials	customização	trip advisor referencia	muito tempo mercado	multiplas línguas
Number of sales in platform	2000	8800	27000	22000
Client support	sim / mail	sim / mail	sim / mail	sim/ com chat/ mail
Incomes	\$0.3M	\$0.06M ?	\$13.1M	\$2.13M

Visitors by geographic

	 Vayable	 tours bylocals.com	 viator	 Get Your Guide	
	24,6%	17,6%	33,3%	16,4	
	2,8%	9,7%	4,1%	3,2%	
	6,3%	8,4%	11,2%	7%	
		4,6%		5,8%	
	8,9%	4,6%			
		4%	6%	4,2%	
		4%			
	4,6%				
	4,5%		3,5%		
	2,7%		5,1%	8,7%	
	1,9%				
	1,3%				
			2,5%		
			2,3%	6,4%	

Appendix

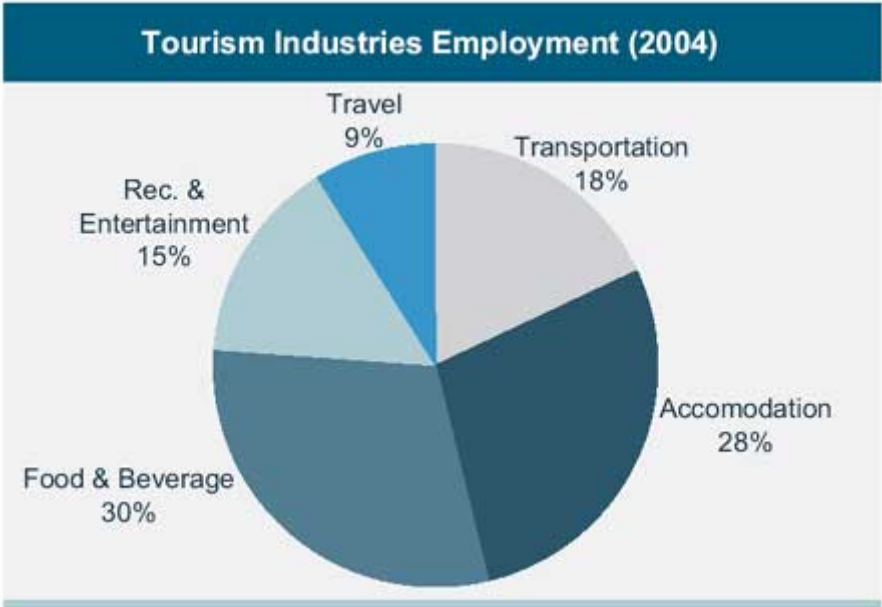


Figure 5 Tourism Industry Employment

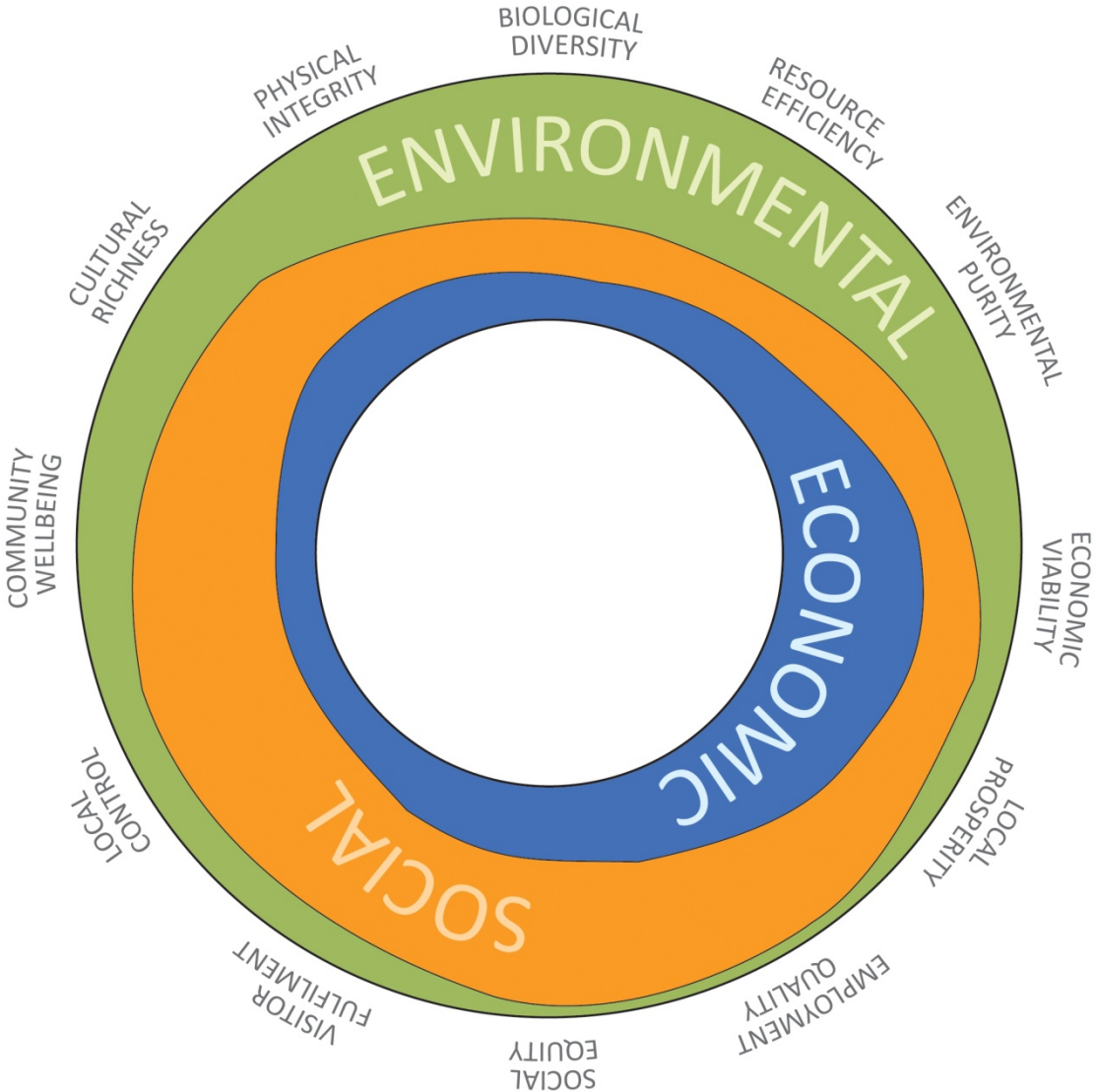
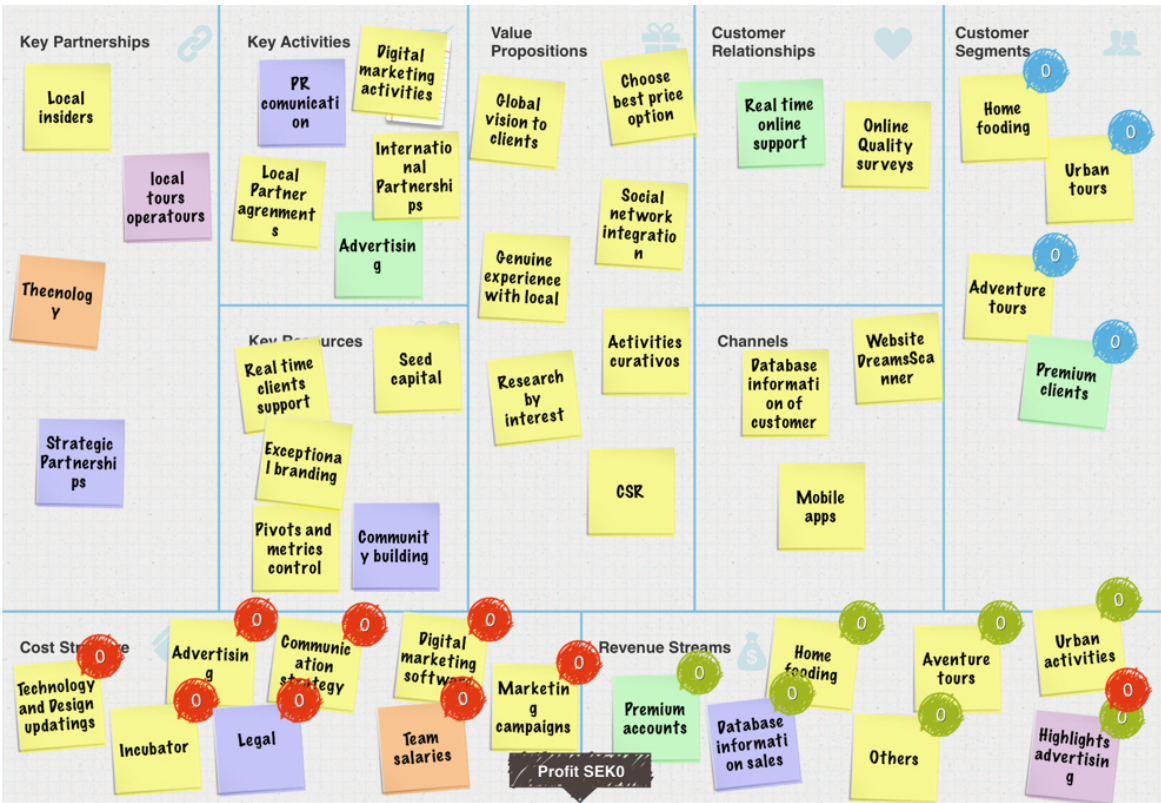


Figure 6 Sustainable Tourism



Sources: Withlocals

Figure 7 Canvas Model