

Supporting consumers in the sharing economy

The sharing economy is transforming the traditional consumer journey, with firms like Airbnb, BlaBlaCar and Etsy empowering consumers to become producers themselves. In his research at Erasmus University Rotterdam, Professor Benedict Dellaert draws on household production theory to suggest new marketing strategies that can support consumers as co-producers in co-production networks.

A man walks into a shop and buys a loaf of bread. A simple concept, right? Except that in the burgeoning world of a sharing economy, that same man can learn to make that bread himself, collaborate with other bakers to swap skills and sell their bread online, then review each other's bread and help spread the word to other hungry bread lovers.

It's a consumer model we're seeing again and again through online sharing economy platforms such as Airbnb, Etsy, BlaBlaCar and Couchsurfing, where

consumers are becoming producers of value for other consumers – in hospitality, transportation, home services and more. This uptake of digital technology is empowering consumers more than ever and putting them in charge of how they search, purchase, experience, and evaluate products. Great news for consumers, but what about the marketers? How can they meet consumer needs in a co-production economy that's a lot more complicated than the traditional consumer journey?

This is something that Professor Benedict Dellaert explores in his research at Erasmus University Rotterdam. He proposes that, in the sharing economy, marketing should increasingly focus on how best to support consumers to create value as co-producers. In his paper, 'The consumer production journey: marketing to consumers as co-producers in the sharing economy', Dellaert draws on household production theory (the study of consumers and how they allocate time and money budgets to the goods and services they buy and consume) combined with insights from institutional design theory and consumer behaviour research to put forward different ways that marketing can support consumers.

AN EXPANDING ECONOMY

In his study, Dellaert first highlights four key stages in the traditional consumer journey: searching for a product, buying the product, experiencing the product, then reflecting on the product. He then goes on to define how these stages have evolved in the sharing economy where consumers become co-producers: the consumer co-designs and recommends products to other consumers (the searching stage); they participate in sales and distribution by deciding when to sell their services to others (the purchasing



In the sharing economy, things aren't as simple as just buying a loaf of bread.



Airbnb supports consumers both as hosts and as travellers on its platform.

stage), they co-create the other consumers' experiences (the experiencing stage), and offer peer support, reviews and innovations to others to help improve services (the reflecting stage). According to Dellaert, this expanded consumer model would be best served by his three-fold marketing strategy to support consumers at the individual level.

In his first proposal – to support consumers in the commercialisation of their activities – Dellaert says that, much like with traditional consumption, marketing can increase value for customers by matching products as closely as possible to their needs and assisting consumers when they're searching for a product. He also states that, in a sharing economy, besides benefiting from lower prices at the purchasing stage, consumers can also benefit from an increased income from co-production activities. Consumers can achieve a higher income across all stages of the consumer journey, whether it's

shouting out about a new product on a crowdfunding page, renting out their apartment on Airbnb or getting financial incentives to share their experiences on social media.

GAIN ONLINE SKILLS

For his second proposal – to help consumers improve their skills

In the sharing economy, consumers become co-producers of value for other consumers.

and efficiency when co-producing – Dellaert proposes that online platforms can especially help consumers by improving the quality of their production activities and making them more easily accessible to other consumers. Platforms like Amazon and Etsy provide support services to teach consumers who are active as sellers on their platforms. He highlights Airbnb as a particularly helpful and easy-to-use platform for its hosts, offering online guidance on how to

create a great experience in their home and how to provide evaluations for other consumers. Other firms Dellaert highlights, which are providing business services on the platform, can also be used to make co-production activities easier and more efficient, such as KeyNest and GuestReady. They provide services to Airbnb hosts to help with key handover

to guests and cleaning the rental property, thereby taking some burden off the production process.

Dellaert's third proposal is to make co-production activities more enjoyable for consumers. Consumers can enjoy the creativity and empowerment of co-designing new products, and often value the social interaction and public recognition that co-production brings. Again, Airbnb is an example of an online

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platform that brings about these benefits. The platform creates an environment where hosts and guests socially interact before and after their stay, and the firm suggests to potential hosts that they will not only make extra money when they rent out their home, but also have great experiences interacting with their guests.

SPREADING THE COST

Moving on from how marketing can benefit consumers at an individual level, Dellaert then suggests how it can support consumers at the *collective* level, where multiple consumers and firms collaborate in consumer co-production networks. In these networks, marketing can provide new platform-based services that can cut costs for the consumer, such as through collective insurance, legal support and advertising, and provide consumers with a lot more information than they would have access to at an individual level, by offering advanced market-level analytics.

Another way Dellaert proposes marketing can benefit consumers at the collective level, is to help them overcome transition

costs as they switch away from more traditional marketing arrangements, and to support consumers during periods of instability and uncertainty with a flexible, modularised structure that allows consumers to selectively interact with the firm as they develop their co-production activities.

BIG DATA, BIG BENEFITS

So, in essence, Dellaert proposes that firms should support consumers in creating co-production value, so that they can work together for each other's

Dellaert proposes that firms should develop marketing strategies that support consumers in creating value for others.

mutual benefit. Marketing can shift to supporting consumers as value creators, both in their individual consumer production journeys and collectively in consumer co-production networks. By using strong analytical capabilities, firms can more effectively empower and support consumers as co-production partners and thus create lasting value for them. The firms that have the greatest access to large, unique data sets regarding the network's activities,

are likely to be able to use it to provide the most valuable insights.

However, Dellaert warns that the use of consumer analytics also has inherent boundaries when consumption is highly unpredictable or when only scant consumer data are available. Therefore, he suggests that another key strategic marketing resource in the sharing economy is the firm's capability to activate and engage consumers as co-producers in the value creation process. Firms that can effectively

promote consumer co-production value creation using their goods and services can increase consumer loyalty in co-production and

thus more strongly benefit from the value that co-producing consumers create for other consumers.

While Dellaert believes that his marketing proposals can benefit the sharing economy, he points out that his study is a conceptual theoretical analysis that requires further empirical research. This is what he will be embarking on next in his research at Erasmus University Rotterdam.



Behind the Research

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To view a short video about this project: <https://drive.google.com/file/d/1xkfeAU4MN54A4MHCdVHgYhWhywMdT-k8/view>
For free open access to this paper at the *Journal of the Academy of Marketing Science* (JAMS): <https://doi.org/10.1007/s11747-018-0607-4>

Research Objectives

Prof Dellaert's work looks at how consumers become co-producers in the sharing economy and the impact of this on marketing strategy.

Detail

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Bio

Benedict Dellaert is professor of marketing and director of the department of Business Economics at Erasmus School of Economics, Erasmus University Rotterdam, the Netherlands. He is also professor of marketing (fractional) at Monash Business School, Monash University, Australia. His activities focus on consumer decision-making and consumer-firm interaction.

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References

Dellaert, B.G.C. (2019) The consumer production journey: marketing to consumers as co-producers in the sharing economy. *Journal of the Academy of Marketing Science* 47(2):238–254 <https://doi.org/10.1007/s11747-018-0607-4>

Personal Response

What's the next leg of your research?

“ In the past two decades, I have studied different ways in which firms can help consumers make better decisions, in particular by allowing them to mass-customise their own products, or by providing personalised recommendations. In the sharing economy, a new paradigm is developing where consumers and firms work together to create value for other consumers. In the upcoming years, I plan to do research on how firms and consumers are finding new ways to balance this new co-production structure. Currently, firms seem to dominate this collaboration due to their unique data access and analytical ability in the commercialisation of consumption (e.g., Google and Facebook). However, I expect that the consumer co-production role will become increasingly important as societies need to find new equilibria in the value creation and value appropriation processes between consumers and firms. ”



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Platforms like Uber and Blablacar use different strategies to support consumers as co-producers.