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# **Building tribal communities in the collaborative economy:**

## **An innovation framework**

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## **Abstract**

*In recent years, there has been a groundswell of initiatives aimed at providing platforms to share resources between people. Collaborative consumption provides a model for a 'sharing economy' where the dominant logic of consumers is resource access rather than ownership. This study examines the nature and development of a variety of collaborative consumption businesses; in particular, we explore how start-up entrepreneurs see the problems of creating a tribal community among customers and users. Qualitative interviews were carried with founders and co-founders of collaborative consumption ventures during 2014-2015. The results suggest that these organisations face many common issues. We develop and apply a framework to understand some of these. We find that collaborative consumption entrepreneurs strive to build a tribal community by matching, in an innovative way, supply and demand. This is typically done by co-creating shared commonality, developing scalable electronic platforms, and building trust into platforms using social media to develop proxy social capital. Consequently, by using existing eco-systems of social media, tribal communities can be formed and scaled much more quickly than via traditional marketing approaches.*

**Keywords:** Sharing economy; collaborative consumption; tribal community; critical mass; growth; success factors.

## **1. Introduction**

A pressing issue for individuals, organisations, societies and economies that has come to the fore in recent years is how the current trajectory of resource usage can be tempered to become more sustainable. Given the fact that natural resources are finite and that global populations are steadily growing, traditional models that involve inefficient, wasteful, and ecologically dubious mass production of products for consumers to buy and own require reinvention. One purported alternative to hyperconsumption and traditional ownership models is collaborative consumption, where the logic of using or access supersedes that of ownership – sometimes referred to as product service-systems (Tukker, 2004; Baines *et al.*, 2007). Despite its recent

rise in popularity, the concept is not new (Leisman *et al.*, 2013); Felson and Spaeth (1978) defined collaborative consumption as events involving joint consumption of physical products between intimate participants, typically friends and family. More recently, however, this concept has been redeveloped and rescaled to encapsulate sharing of a wider variety of resources not just on a local but also potentially on a global scale between unknown parties. Botsman and Rogers (2011) define collaborative consumption as sharing resources via using peer-to-peer marketplaces where unused space, goods, skills, money, or services can be rented, borrowed, bartered, traded, and swapped. Key drivers are economic, technological, social, cultural, and environmental (Barnes and Mattsson, 2016).

There are few scientific predictions regarding the future growth of collaborative consumption and its economic impact on industries. A rare working paper by Zervas *et al.* (2015) found that the effect of AirBnB on the hotel industry in Austin, Texas was significant, attaining 8-10% of revenue and suppressing prices of incumbents. Not surprisingly, there is intense commercial interest in the impact of the sharing economy upon industry sectors and the extent to which these new business models are powerful enough to provoke a disruptive shift in consumption patterns and industries (Christensen, 2003).

Collaborative consumption business models are not well understood and the limited amount of research and anecdotal evidence suggests that supply chains are being redefined and that user/consumer motivations differ from previous social sharing initiatives such as open source software (Benkler, 2011), including, for example, possible new economic and environmental drivers (Hamari *et al.*, 2015; Möhlmann, 2015). However, few attempts to explain comprehensively consumer's engagement in collaborative consumption have been undertaken. A recent study by [reference blinded for review] suggests that consumer intentions to participate are driven by perceived economic, environmental and social benefits

through the mediator of perceived usefulness, and enjoyment, in turn driven by sense of belonging to the sharing community.

This study attempts to understand the critical success factors for collaborative consumption communities. From a narrow business standpoint, the main issue is how to generate quickly a large enough number of active users that, combined with online word-of-mouth interactions, can create a self-sustaining virtual community. Loyal communities have been found to be very important in this regard (Arnould and Thomson, 2005) especially those that involve the sharing of resources, (Cova and White, 2010). The key research question in this paper is: “What are the critical success factors for developing collaborative consumption tribal communities?” The study takes a marketing and innovation approach and uses detailed interviews with founders and entrepreneurs from seven different but successful collaborative consumption ventures to explore the key characteristics underpinning their successful development.

The structure of the paper is as follows. In the next section, we examine the extent of current understanding of the nature of collaborative consumption, drawing together a disparate literature from innovation and marketing to identify definitions and key characteristics defining collaborative consumption ventures and communities. Section 3 outlines the methodology for the study, while the results are presented in section 4. Section 5 synthesizes the findings of our study and provides a framework for understanding resource-sharing activities in collaborative consumption tribal communities. Finally, the paper rounds off with conclusions and implications for research and practice.

## **2. Innovation and marketing theory: shaping online tribal communities**

Building an online community can be construed as an innovation process, which includes the search for, discovery of, experimentation with, development, imitation, and adaptation of new

products, services and production processes (Dosi, 1988). Early innovation as a process was seen as a sequence of consecutive stages, such as those of search, selection, development and implementation (Tidd *et al.*, 2001). Present theory recognizes that innovation involves complex and disordered interactive processes (Fischer, 1999), often more chaotic than structured, and that a sequential process pattern is difficult to observe (Buijs, 2003).

Building an online community is a complex innovation undertaking requiring the construction of a network, which often develops around innovations of products and services that entail several different technologies (Aune and Gressetvold, 2011) and therefore different types of knowledge. In this way, networks involving, for example, suppliers of key competencies may facilitate innovation especially in the initial idea generating stages of innovation processes, and thus help reduce development times and costs (Klioutch and Leker, 2011). However, challenges often arise in the early period of network construction, often termed the ‘fuzzy front-end’ of innovation, because of lack of clear product concepts, uncertainties about customer needs, relevant technologies and a lack of trust (Colombo *et al.*, 2011).

Building an innovation network for online start-up ventures is normally done through applying parallel innovation processes (Sørensen and Mattsson, 2016). This means that different activities in innovation processes are performed by different people or groups simultaneously. This, however, requires effective information sharing among participants (Loch and Terwiesch, 1998). Given the right conditions, parallel innovation can then increase the speed of innovation, by its ability to transfer tasks, improve of information flows and a higher integration of various innovation activities.

Users are now seen as a crucial part of the innovation network as they contribute important input to the innovation process (Morrison *et al.*, 2004, Baldwin *et al.*, 2006, Alam, 2002). Hence, the concept of user-driven innovation has become central to the innovation discourse (von Hippel, 2005, Heiskanen and Repo, 2007). Taking a service perspective (as in

this study) user-driven innovation seems particularly relevant because production and delivery of services often is based on service encounters between service organisations' employees or online websites and their users/customers (Gallouj and Weinstein, 1997). Much service innovation has been linked to actual service delivery processes (Toivonen and Tuominen, 2009). Such service innovation has been termed service encounter-based innovation, which can be defined as innovation that develops from ideas, knowledge, or practices derived from frontline service employees' meetings (off- or online) with users in the service delivery process (Sørensen *et al.*, 2013).

As mentioned above, developing collaborative consumption tribal communities is here seen as the key research question. This entails both innovating a new online business (as a start-up and venue for collaborative consumption) and concurrently, and by means of marketing procedures and tools, quickly grow the number of avid users (the tribe) to reach a sustainable community and market.

Consumption communities are recognised as a key element of modern marketing, creating meaning, sharing value and capable of making or breaking marketing campaigns (Canniford, 2011; Cova and Cova, 2002; Cova and White, 2010; Muniz and O'Guinn, 2001). There is an existing, burgeoning literature on subcultures of consumption (Celsi *et al.*, 1993; Goulding *et al.*, 2002; Schouten and McAlexander, 1995) and brand communities (Cova and Pace, 2006; Muniz and O'Guinn, 2001). However, a more recent vein of research is that of consumer tribes, which focuses more upon the shared use of various products and services and linking value (Cova, 1997), rather than focusing upon singular brands (Cova and Cova, 2002; Cova *et al.*, 2007).

Canniford (2011) explains four key characteristics of consumer tribes: multiplicity, whereby they do not dominate consumers lives and membership of other tribes is not precluded; playfulness, whereby there is little reverence for brands per se, but rather value is

placed on passions and creating new forms of linking value; transience, where tribes change as the combination of people and resources alters; and entrepreneurial, where social innovation leads to new entrepreneurial opportunities. Kozinets (2008), cited in Hamilton and Hewer (2010), further explores dimensions of e-tribes, which further communicate via the Internet (providing a ‘virtual glue’, Simmons, 2008), cross network boundaries, are self-generated, and generate emotional involvement.

An alternative conceptualisation to the online *tribe* concept used here is what has been termed “virtual community of practice” (VCoP) (Dube *et al.*, 2013). This terminology focuses on the explicit behaviours of users when they collaborate online in discussions, newsgroups, or other forms. As we do not explicitly study these behaviours online, but rather the innovation process of building the tribe community, we instead use tribe as term for what the start-up wants to shape.

It is the premise of this study that the entrepreneurial effort of building tribal collaborative consumption communities is the essence of starting up the venture (Holzweber *et al.*, 2015).. We define the core tribal community as “the initial small number of ardent and highly involved users who co-create and share values, taking on the role of generating the necessary word-of-mouth in the start-up phase of the business” (kinship among members is not an issue). Because of tribal members’ efforts, the number of users will grow into what can be seen as a full-blown community. Hence, tribal communities are those in the state of growing from a relatively small number of users into a sustainable size. Many of these start-ups lack traditional marketing skills [reference blinded for review] and use investor angels, mentors or advertising companies to help. Hence, much of the initial strategic marketing efforts of these new kinds of start-ups is improvisational and aims at reaching a critical mass of community users from an initial core of members: the tribe. Hence, the tribe building is the first challenge for start-ups.



Cova and Cova (2002) were one of the first to explore the nature of consumer tribe characteristics and recent work has attempted to define community concepts more fully (Goulding *et al.*, 2013; Fournier and Lee, 2009). Nevertheless, there is still much to learn about how to build and sustain consumer tribes – which needs further research (Canniford, 2011; Gomez *et al.*, 2005; Hamilton and Hower, 2010; Michell and Imrie, 2011). Certain kinds of online communities such as Massively Multiplayer Online Role Playing Games (MMORPGs) demonstrate characteristics of unique brand tribalism in an anthropological sense as they transcend normal online communities because of the strong cognitive and affective involvement of gamers (Badrinarayanan *et al.*, 2014 ).

Electronic word-of-mouth (e-WOM) (see, e.g., Hennig-Thurau *et al.*, 2004; Kozinets *et al.*, 2010) is now growing in importance in social media and networking sites and is especially critical for start-up ventures (Kumar *et al.*, 2013). Online brand communities, for instance, are effective in influencing sales, regardless of ownership, with positive information having a stronger moderating influence than negative on purchase behaviour (Adjei *et al.*, 2010). Social media use in general, positively contributes to brand performance (Rapp *et al.*, 2013). Kozinets *et al.* (2010) demonstrates how word-of-mouth through social media for virtual communities does not simply increase or amplify marketing messages, but as a result, meanings become altered and strongly embedded among members. For the above reasons, we anticipate that social media platforms will be particularly important to tribal community building for collaborative consumption ventures,

### **3. Methodology**

This study uses an exploratory approach to capture and analyse the experiences of the initial tribe building effort of start-up entrepreneurs in the collaborative consumption industry.

Qualitative data collection methods were used to capture in text format the voiced experiences

of key entrepreneurs. This consisted of interviews with a number of CEOs and COOs of collaborative consumption ventures during the period 2014-2015. Each venture selected had a thriving tribal community. Four countries and a variety of shared resources were involved, including labour, office space, accommodation, money, fruit, and car sharing. The following companies were contacted and agreed to be interviewed in the research:

- Airbnb (Denmark) (<https://www.airbnb.com/>);
- Hinner Du? (Sweden) (<https://hinnerdu.se/sv-se/>) and Den Lille Tjenste (Denmark) (<https://denlilletjeneste.dk/da-dk/>);
- Urban Fruit Initiative (Sweden) (<https://fruitinitiative.firebaseio.com/>);
- FundedByMe (Sweden) (<https://www.fundedbyme.com/en/>);
- GoCarShare (United Kingdom) (<http://gocarshare.com/>);
- Spacecubed (Australia) (<http://www.spacecubed.com/en>).

A total of eight interviews were conducted and analysed. Each interview was between one and two hours in duration and followed a consistent protocol (Yin, 1994). A fact-oriented coding was used (Miles and Huberman, 1994). In this way, the protocol helped coding by sorting the key ideas underpinning the search for the emerging framework. Saturation in the data was reached quite early. The empirical “components” of the framework for collaborative consumption were extracted by selective coding from each one of the recorded accounts of cases by each author independently (Krippendorff, 2012). Subsequently, “components” were compared across the different interviews. In-depth discussions of the main features of these “components” led to a parsimonious framework for collaborative consumption start-ups. Note, however, that a more detailed description of each start-up firm is not given here due to space restrictions. What is central is the fact that digital entrepreneurs sought to create a

*market space* for buyers and sellers. We have sourced, in a formatted way, the best possible respondent to describe this start-up process.

Based on the protocol, questions centred on drivers and inhibitors of growth, business strategy in terms of uniqueness, business process and value creation, business model, and finally, expectations about the future of the collaborative consumption industry. All interviews were audio recorded and transcribed for further analysis. The eclectic case results below summarize the findings related to: i) drivers and inhibitors of tribal community building; and ii) key elements related to business models and strategies.

One may argue that this small sample may not be strong enough to generate new substantive knowledge. However, in line with Crouch and McKenzie (2006) we argue that what is being “sampled” is not so much individual persons “of a kind”, but rather variants of a particular social setting (the real object of the research in question) and of the “experiences arising in it” (ibid., p. 492). Consequently, respondents are not systematically selected as carriers of beforehand defined knowledge but are seen as representing meaningful experiences related to the research question: building community tribes for the first time. This is what we define then as a “case”. It is the holistic experience of dealing with all the challenges of a start-up in the crucial phase of building a first set of users, e.g. tribe, and using them help you grow to a sustainable entity. Crouch & McKenzie even argue that analytic and exploratory studies are best done using small samples (ibid, p. 496). To put further rigor in our selection of “cases” we applied the dimensional approach suggested by Arnold (1970) whereby one beforehand delineates the dimensions that may vary among “cases” and “typically drawing one case from each cell of the typology” (ibid, p. 147). Hence, “the point with dimensional sampling is that it is based on a preconceived theoretical framework although not a preconceived theory” (ibid, p. 149). Hence, the explorative nature of this study. We took advantage of international collaboration and selected cases from four advanced

economies (with English well spoken) where the collaborative economy has taken off. As mentioned above, different dimensions of sharing served as the frame for selection (typology): accommodation (Airbnb), labour (Hinner Du? and Den Lille Tjenste), fruit products (Urban Fruit), money (Funded by Me) and car sharing transport (GoCarShare). The somewhat different SpaceCubed case (office space) was used to understand the importance of part-time and collaborative work much used by the founders of Internet start-ups in the sharing economy.

#### **4. Case study results**

In this section, we briefly summarise the descriptive results of each case study, focusing on key drivers and inhibitors to community building and core elements of the business models.

##### ***4.1 Urban Fruit initiative: sharing unused fruit resources***

The Urban Fruit Initiative was the 2013 winner of the Swedish competition for sustainability projects. Urban Fruit Initiative focuses upon fruit trees in Gamla Enskede, a villa suburb of Stockholm, Sweden; by matching fruit tree owners with local pickers, it has turned a waste disposal issue into an ecological apple juice. Fruit owners, many of whom have large gardens, often do not have time to care for and pick apples from their trees. Other people who live in apartments want to share the neglected resource. Collaborative consumption in this case provides a system to help connect the supply and demand for apples by turning it into a hyper-local product, apple juice. Through the initiative, the waste of apples is reduced (90% is estimated to go to waste), a clean and tasty local product is produced, and villa owners receive a tidy garden and juice as pay-back, in addition to the satisfaction from sharing.

According to its founder, main problem in establishing this venture was to “sell the idea” to an initial group of local owners and pickers. In our terminology, this is the initial tribe of

users/producers who will generate growth. Considerable logistical and organisational effort was required to develop the Initiative. Many villa garden owners needed to be contacted and pickers recruited (and taught how to care for the trees when picking) in order to collect and transport apples to juice factories. In a sense, this was a local initiative with a community built around a neighbourhood. Apart from having a Facebook page as billboard, the Initiative has a website for recruiting growers and fruit pickers. Further advertisement for the recruitment of pickers and villa owners is made by flyers in letterboxes and via local farmers' markets. Apple juice is sold through channels in the local community, typically local restaurants and coffee shops. Most administrative work is manual and managed during the spare time of the two founders, a married couple with children.

Using a “bartering business model” (payments in juice or apples) with a local geographical focus, this Initiative has none of the scale advantages that are key to quick growth. Indeed, the limited geographical scope of Urban Fruit is the main obstacle to growth. Each new area needs “a hands-on and feet on the ground” approach to organise the system (or the tribe) in a face-to-face manner, supported by the online website and social network presence. Because of its seasonal dependence (i.e. the fruit is picked in autumn), the peak load is very concentrated in time. Hence, the tribal communities generated by Urban Fruit will most likely be rather small and local (consisting of fruit tree owners, pickers and retailers) with little possibility of scale effects between urban areas. The local characteristics of the tribe in sharing apple resources will hinder its growth and new areas need new system builders. In addition, the cost of juice making is high relative to the expected sales price, and so the economic outcome is not the ultimate driver for Urban Fruit. Instead, stopping economic waste and changing perspectives on fruit and its use are underlying objectives.

#### ***4.2 SpaceCubed: sharing unused office space***

Another local venture is SpaceCubed in Perth, Western Australia. The founder, a social entrepreneur from the city, wanted to support people with new ideas through a non-profit solution for helping social problems. He was the first to set up a local co-working space. Although Government funded start-up support, according to him the available small business/innovation centres had not changed in 20 years, and a fresh initiative was needed. After making a deal with a large property owner (who had free office space available) he opened “a creative environment for mentoring start-up entrepreneurs” called SpaceCubed. The overall idea was to assemble a self-selecting crowd (tribe) of part-time start-up entrepreneurs with the aim of allowing them to learn from each other. SpaceCubed takes a hands-off and open approach to those who want to join. Funding for community activities is organised through optional pre-paid events and memberships. It makes efficient use of office space, even in traditionally after office hours, and by creating trust and a community feeling among members through staged events, it has quickly grown to 550 members.

In contrast to Urban Fruit’s system of matching supply and demand of fruit resources, SpaceCubed’s co-working space is based on a strategy of fostering innovation through serendipity and openness among young people. Events generate income and bring forward common interests among members, building intimacy and social capital. The founder admits that “the main problem concerns how to grow and sustain the membership tribe”. Many entrepreneurs are working only part-time on their ideas/companies and some do not succeed. A key ingredient is the social capital generated through connections and networks enabled by the sharing of cost-free office space (and additional events). A key limitation to growth is the nature of the local start-up environment and the ability to stage attractive events for funding.

### ***4.3 Airbnb: sharing home and cultural experiences***

One of the best-known collaborative consumption websites is Airbnb. This global accommodation-sharing site has attracted the attention of regulators and had a tangible effect on the hotel industry. The interviews were conducted with the manager of the Copenhagen office, covering all of Scandinavia, and the manager of marketing communications for the same region. Airbnb was started to solve a very personal problem for the founders, namely the ability to “pay the rent.” During the Obama election campaign the founders saw potential in home rental space and travelled ahead of the trail to let people know that they could rent out spare rooms to the massive entourage following the campaign (since hotels were already fully booked). However, only after joining Paul Graham’s (an American angel investor) incubator were they ready to implement their business model for tribe building in New York. In the words of Paul Graham: “it is better to have 1000 people loving you than 100,000 liking you...” Hence building a loyal tribe of initial users in a dense urban city would be more constructive.

The founders of Airbnb initially knocked on doors to generate a supply of hosts in order to be able to match supply (of rooms) with demand. Key to development was creating what the manager calls “social proof,” whereby users could feel safe in unknown locations. This was the main inhibitor. Face-to-face meetings, so-called “meet-ups,” between users, hosts and representatives of Airbnb were organised by invitation. Meet-ups could take the form of guided city tours, special events in rented locations, or even a pizza party in the manager’s home. The aims were to bring people together and to treat them as business partners rather than as customers. The manager estimates that 80 per cent of new users come from organic growth from word-of-mouth communication; marketing is typically digital and social, and little traditional marketing is undertaken.

Airbnb takes safeguards very seriously and a \$1 million guarantee is put in place for hosts should they incur damages to their property. Through social media such as Facebook, Airbnb can verify the person, account (Paypal), and thereby build mutual trust for both guests and hosts. This is imperative for growth. The manager underlines that Airbnb is “not an Internet company,” but rather “a hospitality venture.” It is also stressed that regulators need to be “educated” to understand fully the business model and its benefits instead of clamping down on private initiatives to gain from unused room space.

Airbnb’s strategy is to build a global community of people sharing home space (some of which can be diverse, from air mattresses to caves, tree houses and castles) in order to make people “belong anywhere”, the new slogan of the brand. Both accommodation space and its associated cultural impact may be the reason for visit, not merely the city or country destination. In addition, by increasing the number of hosts renting out rooms in both central and peripheral urban areas, Airbnb can “unlock new neighbourhoods and boost small businesses there” (such as restaurants and corner shops). In this way, the community of users can grow very quickly and now has a substantial impact on the hotel industry (negative) and local service firms (positive). The effect of the rapid growth of the now global community is that the underlying values delivered are the experiences and personal connections created through the meetings between guests and hosts.

#### ***4.4 Hinner Du? and Den Lille Tjenste: sharing labour resources***

The Swedish *HinnerDu?* venture is a forerunner to TaskRabbit in the US (started 2010). The female founder got the idea from an auction site (Blocket in Sweden) and asked why could one not use the auction idea (of selling and buying products) for services? She was keen to start a business but had no real plan. By moving into an “incubator” in Malmö she got funding from an angel investor with Danish connections which led to a sister site there *Den*



*Lille Tjenste*, who were also interviewed. The website was the first priority and early designs failed due to difficult usability – they were too complicated. By analysing “where users dropped off the site,” improvements were made. Little marketing was carried out; instead rely on publicity from approximately two local newspaper articles per week. The founder concluded that it was easier to start with simple tasks such as dog walking or assembling IKEA furniture.

The business model is simple. It operates in a number of cities in Sweden and Denmark. Customers post tasks (partitioned into a few categories on the website), decide upon the price for the service required, and advertise it on the website. Service providers (runners) sign up for an advertised service and then customers pick one of them. Often it is a short and one-off task. Tax is thus avoided. The practical arrangements are left to the parties, and little “profile” information is kept from the users (only name, address, email and phone number). Payment is made after one week, deducting 16% of the price as a fee. The site is intended for all types of users and is “folky” in nature. A surprising feature of this business is that most new users come from a Google generic search with a high conversion rate of 9 %.

The business model does not control for the flow of money or the ratings of the runners. Even though some 83% of posts get offers, 20% of tasks are not paid (as can be seen in the system). Hence, payments may have been made directly between parties, or customers did not trust any of the runners. Even though the core benefit of the venture is “fast and cheap task completion,” growth is very slow, and is only a part-time job for the founder. Quality control and trust issues have not been resolved. The one-off nature of tasks prohibits a community feeling among users (compare TaskRabbit’s recent problems). The initial tribe has not yet been created in the local areas (cities) where they operate and overall, the effort of tribe building has not been successful, partly due to the lack of social and system-related efforts needed. The founder suggests “We do not make much money ... helping the customer is the

most important thing for me.” Apart from having another full-time job, the founder is therefore already contemplating to merger or sale of the business to a larger partner from the newspaper or publicity industry.

#### ***4.5 GoCarShare: sharing car transport***

GoCarShare in the UK (founded in 2009) is one among many ridesharing start-ups. Capital has been raised by means of crowdsourcing from 300 investors in Europe in two tranches. However, the operations are still limited to the UK. The founder explained his first idea about car sharing as follows:

“I was walking down the street where I live and I noticed a long line of stationary cars ... each car had one person in it ... then I got the idea ... matching people over the Internet ... many benefits and happier passengers with another one in the car ...”

The first year, after leaving his accountancy job, the founder chased journalists to get free publicity. Finally, he got a feature article as “Eco-Hero” in *The Daily Telegraph*, a breakthrough. Initially, university students were targeted by contacting seven universities. Being passionate about green issues, he also took aim at music festivals around the country (in 2010), which liked the idea. By working to attract drivers with common music interests, he received good publicity. Festivals generate a lot of traffic to and from the events and parking space is typically scarce. Car sharing enables more efficient use of parking space and reduces congestion. Moreover, the GoCarShare creates social connections between drivers and passengers, reduces costs for drivers and passengers, contributes towards the reduction of CO<sub>2</sub> emissions, and has a prosocial “feel good factor”.

Presently, GoCarShare suggests that it is a fun experience to share car rides. A key factor in building a successful tribe was the establishment of trust, underpinned by using Facebook to vouch for driver/passenger identity and personality, and PayPal to make payments. A traceable rating system for all users enhances community strength. The founder even speculates about combining ratings from across many different Internet sites to construct a general trust rating score for site users, including official information about drivers, such as driving records. In the words of the founder, “We are based around social networks and shared interest.”

The business strategy focusing upon sharing cost, but not profit, by social media integration and partnerships with organisers of large events that will attract massive transport to and from venues. Recently, a number of sports clubs (football and cricket) have been approached to initiate collaboration. By using fan sites, GoCarShare users can get priority parking near venues. GoCarShare also gets a chance to market their offerings in a tangible way. Hence, mass transportation is targeted via large events where a mutually beneficial situation is created for all. Traditional relationship marketing (B2B) is required to reach relevant user communities. The newly recruited COO sees the main obstacle to growth as ”... behavioural change ... we have to do a hell of a lot of education ... our partners (football and rugby clubs) do not yet know what car sharing is ... we spend a lot of money to adapt our service to their (partners) websites... making it user-friendly is the key...”

#### ***4.6 FundedByMe: peer-to-peer money lending***

Fundedby.me is a crowd-funding platform (among the five largest in the world with a total turnover of \$10 billion in 2014) with two types of funding: reward-based and equity-based. The former is a “kick starter” service by which individuals invest small sums in an idea or project with the intention to reap some rewards after completion, such as a product price

discount. The latter is a way to buy shares directly (peer-to-peer) in a newly formed company. The idea behind FundedByMe was to become a marketplace for projects and investors. The founder states that he aimed for "... a one-stop shop for business and an environment for funding." Recently, a so-called partnership program (which includes lawyers and accountants) has been put in place to support start-ups in the initial phases. A key benefit for start-up entrepreneurs is the global reach of the platform. Around 25 percent of investors are international. Nevertheless, the founder strives to build a local community of entrepreneurs and investors to create jobs (650 so far in Sweden).

Programming for the platform's website and its related services are done in-house, as these are considered strategic elements of the business. This knowledge facilitates the development of self-service add-ons for the website to be used by project proposers. The platform performs "due diligence" when crafting and giving a "green light" to proposals that are advertised during funding campaigns. Listing fees are around €500 and 6% of the amount is deducted as a funding fee.

The crowdfunding platform is supportive to both investors and entrepreneurs/business managers in the tribal community. The funding level of individual projects and the actions of other investors can be followed online. These "followers of projects" are the tribal community. Customer profiles in the community may be analysed (e.g., those who have invested five times or more) and certain industries (e.g. consumer products and technology) are typically targeted when selecting among available funding projects. Banks are not seen as a competitor in this peer-to-peer market. The founder thinks "...banks are too slow and we are more customer-oriented ... experimentation is the key ... and problems are solved along the way..." To sustain the community the continuous use of the funding platform is crucial. It needs to be of value not only before and during the funding campaign, but also after its completion. Consequently, community members need to be able to follow the start-up

company in the future. FundedByMe proactively uses information about the development of successfully funded start-ups to help the tribal community learn about why certain projects were successful and why some failed.

## **5. Synthesis and discussion**

In this section, we compare and contrast the above case studies to develop and apply a framework for examining online tribal sharing communities.

### ***5.1 Towards an innovation framework for understanding tribal collaborative consumption communities***

Figure 1 provides a synthesis of the key features or themes from our cross-case analysis: an Innovation Framework for Tribal Collaborative Consumption Community (T3C).

Looking at the cross-case findings from a service user-innovation point of view we can construe the framework in Figure 1 as a “roadmap for innovation” online in the collaborative economy. All “components” of the T3C framework certainly need to be addressed to innovate the online venture operations and tribal community. Linking innovation activities to actual user behaviour in the online service delivery or what is termed service encounter is key (Toivonen & Tuominen, 2009). Also, parallel innovation (Sørensen & Mattsson, 2016) is required because time-to-market is very important for successful community building.

“Reinterpreting” user-driven innovation to encompass the self-growing aspects of the tribal community (market) by means of community interaction, control and word of mouth makes this study and the framework developed a link between innovation and marketing theory.

Cases of innovation explored here cannot be easily classified as either radical or incremental. Case entrepreneurs go about their work in an incremental way by putting together innovation network with mostly an effectual logic focused on control (Sarasvathy *et al.*, 2001). However,

the effects and growth of the online collaborative ventures may indeed be radical or rather disruptive to certain industries.

The community dimensions identified from the cases include reach (local/global), level of intimacy (intimate/strangers), extent of controls of community interaction (low/high), community goals (altruistic/commercial), shared values (low/high), resource types (e.g. items/space/tasks/money), and social capital (low/high). We now examine each of these aspects in turn, juxtaposing characteristics against the salient literature on collaborative consumption before then applying the framework to our case studies.

Belk (2014) is critical of the broad definition of collaborative consumption put forward by Botsman and Rogers (2011), mentioned in the introduction, preferring a narrow definition that lies in the spectrum between non-monetary and commercial activities:

“Collaborative consumption is people coordinating the acquisition and distribution of a resource for a fee or other compensation. By including other compensation, the definition also encompasses bartering, trading, and swapping, which involve giving and receiving non-monetary compensation. But this definition of collaborative consumption excludes sharing activities like those of CouchSurfing because there is no compensation involved.” (p.1597).

Belk (2014) draws on the definition of sharing provided by Benkler (2004) as “nonreciprocal prosocial behaviour” and uses the example of Bardhi and Eckhardt (2012) as a misspecification of sharing that is in fact “access-based consumption” through “market-mediated access.”

\*\*\* INSERT FIGURE 1 ABOUT HERE \*\*\*

Notwithstanding, other researchers are supportive of the broader definition of collaborative consumption given by Botsman and Rogers (2011) that includes non-monetary activities. Martin and Upham (2015) examine the free reuse group Freegle under the collaborative consumption label. Critically, they point out that although there is no compensation for a particular transaction, from an economic perspective, this form of activity can be viewed as a form of generalised reciprocal exchange (Martin and Upham, 2015; Willer *et al.*, 2012), whereby although no compensation is involved in a specific transaction, an individual may call upon the network for a free item at a later date. Clearly, collaborative consumption ventures can vary significantly in their *goals*, with some being more oriented towards altruism and sustainability, and others more towards commercial, economic goals. Such goals will play an import role in the ability to gain a critical mass of users.

Research has shown that individual values are important in driving collaborative consumption behaviour. Martin and Upham (2015) apply the value theory of Schwartz *et al.* (2012) to determine the specific values underpinning sharing among participants in free reuse groups. Using a sample of 2692 users of Freegle ([www.ilovefreegle.org](http://www.ilovefreegle.org)), they find that the majority of those sharing items hold significantly stronger self-transcendence or pro-social values of benevolence and universalism than the general population (of the UK in this case). However, some users held other values in common (such as openness to change, via self-direction and stimulation, and conservation, via tradition, security and conformity), and some users were less pro-social. A similar study by Piscicelli *et al.* (2014) examined Schwartz *et al.*'s (2012) theory of values and participants of Ecomodo ([www.ecomodo.com](http://www.ecomodo.com)), a UK-based collaborative consumption platform where people can lend and borrow various resources, including items, spaces and skills. A survey of n=63 respondents determined that those engaged in collaborative consumption held higher self-transcendence values (particularly universalism) and openness to change values, but in contrast to Martin and Upham (2015),

typically held lower self-enhancement and conservation. The common finding among these studies is the importance of pro-social values. A concrete example among the cases is the Airbnb's "belong anywhere", as the new slogan of the brand. The *values* of participants who share in collaborative consumption is likely to vary significantly among different business models.

As pointed-out by Botsman and Rogers (2011), the nature of the *resources* shared in collaborative consumption networks varies significantly, including, e.g., household items, sports equipment, space, vehicles, skills, media, and money (PwC, 2013). Such resources vary in terms of the latent demand that is likely to be apparent and the degree to which such sharing markets are already well served, with skills/time, household items and appliances, vehicles, living space/travel accommodation, meals/food preparation, money, and sporting goods among the best new opportunities (Latitude, 2010). The items most likely to be shared are distinguished by their high economic value (e.g. cars, living space and money) and infrequency of use (e.g. sporting goods, travel accommodation, and unusual household appliances) (Fremstad, 2014).

The Internet and more recently the Web have become conduits for the development of social sharing activities that span far beyond local communities. The open source movement, where software source code is made available to all, typically on a gratis or generalized reciprocity basis, was one initial driver for such activity (Benkler, 2011), and this was followed by Web 2.0 and social networking (John, 2013). Consequently, technology has enabled an extended reach for collaborative consumption activities, and we see huge global sharing initiatives such as AirBnB along with small local sharing initiatives. Barnes and Mattsson (2016) conducted a Delphi study of experts involved with collaborative consumption and found that there were mixed drivers both to globalization and localization. This suggests that there is variation in the *reach* of collaborative consumption ventures, with



some focusing on a global scale (e.g. Fundedbyme), some on local communities (e.g. Hinner Du? DenLille Tjenste), and some on the spectrum between the two (e.g. GoCarShare).

The nature of the parties involved in sharing activities can vary significantly. This point is examined by Belk (2014), who describes the difference between concepts of “sharing in” and “sharing out.” Sharing in is “an inclusive act that is likely to make the recipient a part of a pseudo-family and our aggregate extended self” (Belk, 2010). As such, sharing in is likely to involve a high degree of intimacy. In obverse, sharing out “involves dividing something between relative strangers or when it is intended as a one-time act” (Belk, 2014: p. 1596). When applied to global and local collaborative consumption initiatives, we would expect local neighbourhood initiatives to bear more resemblance to sharing in, whilst global initiatives among relative strangers would be considered sharing out. Overall, we surmise that collaborative consumption ventures will vary significantly in the degree of *intimacy* between involved parties.

Sharing activities in collaborative consumption involve using *social capital*. Sharing in within tight local communities will involve strong bonding social capital (Putnam, 2000). However, in dispersed, heterogeneous global online communities bonding capital is likely to be weak, and efforts will be needed to build bridging social capital. Sharing is likely to rely on the reputation of the other party in any interaction. If the other party is known then this is less problematic. However, if the other party is not known, the dominant method for providing a proxy of social capital is the development of structural assurance and reputation mechanisms that provide an indicator of, e.g., the trustworthiness, reciprocity and tenure of an individual through ratings and feedback from peers. [Reference blinded for review] find that for word-of-mouth recommendations, consumers consider website trust, underpinned by the structural assurances of the collaborative consumption website, as an important influence on

behaviour. Typically, large and small ventures alike have used established social networks such as Facebook to help in building social capital.

Online market-maker collaborative consumption websites typically allow consumers make many of their own decisions about listings, pricing and preferred buyers within a framework of rules, regulations and safeguards. For example, in the case of Zopa, lenders choose credit ratings of borrowers, rates and loan term. Similarly, lenders on RelayRides can all choose rates and who they wish to transact with. Peers are empowered to make decisions. The intermediary provides limited safeguards, and the risk is largely borne by the peers in the network. For example, Zopa spreads a lender's loanbook over many borrowers and collects missed repayments using a collection agency, but the lender bears any loss from default; for RelayRides, in addition to reputation data, renters are screened and the lender meets the renter in person before handing over the keys of a vehicle. Thus, collaborative consumption websites will vary in the *extent of controls* implemented over the tribal community.

## ***5.2 Application of the T3C framework to the case studies***

In this section, we apply the framework developed above to the case studies examined. A summary of the results is shown in Table 1.

\*\*\* INSERT TABLE 1 ABOUT HERE \*\*\*

Starting with *SpaceCubed*, we can ascertain this venture is clearly a local, prosocial, person-to-person, altruistic, space/idea-sharing venture with little or no controls. Hence, although social capital is built, the community is “fuzzy” and emerging, driven by serendipity. The venture appears to be a better mode of assistance than government funded small business centres. However, the potential for achieving a strong tribal community is

marginal; individuals come and go according to how much spare time they can afford on their ideas and how much they appreciate the events offered by SpaceCubed. Similarly, *UrbanFruit* is a local, person-to-person, altruistic, prosocial transformative waste resource handling system with little control of the community. Although social capital is high, we may conclude that the potential for growth is small; activity is hyperlocal and there are peak-load periods for picking and juice making, but little interaction in between these periods.

In contrast to these two localised ventures, *Airbnb* is already a global brand. It is also a commercial, host/guest community with shared room and experiences, combined with high control of the interactions among members. The business model clearly adds value and encourages individuals to visit new types of accommodation as a destination in its own right. Social capital relies on reputation created through social networks. The growth potential is very high and only hindered by the possibility of stricter local governmental regulations to protect vested interests.

The Swedish venture *HinnerDu?* and Danish venture *Den Lille Tjenste* are local, service seeker/provider, commercial, peer-to-peer platforms with little control of actual tasks delivered. They focus upon inexpensive and fast one-off help, and appear to have little in the way of shared values among members. This makes it difficult to create a strong tribal community and intimacy, or build social capital. The ventures resemble auction websites, which was the starting idea. Hence, there appears to be little potential for future growth.

*GoCarShare* is currently UK-based, altruistic, person-to-person, and event-driven, with some controls over the prosocial tribal community. By integrating the management of the community (more control) with strong partners (music event organisers and sports clubs) and social media, *GoCarShare* is able to create long-term relationships with an expanding number of partners with strong brands. Therefore, the growth potential is great, at least in the United Kingdom.

Finally, *Fundedbyme* is a global, commercial, project/company/investor funding platform with a high degree of operational control (but not yet of the community). Albeit, funding projects and investors come and go, the founder understands the need to keep his “herd” together by sharing information about development of the funded projects or companies (after the funding campaign) and by establishing partnerships with local, but leading, professional service firms (lawyers and accountants). In-house programming competency can accelerate the speed of improving the platform to get more control of the community of users. Hence, the growth potential of *Fundedbyme* is increasing with more control and integration of community activities.

Within the set of case studies examined in our study, we can distinguish two main groupings. On the one hand, there are geographically expansive, social-media integrated ventures such as GoCarShare and Airbnb. Both focus significantly on traditional sales marketing with important partners and integrate strongly with social media, placing a strong emphasis on trust, safety, and fun social experiences. Enjoyable experiences are a key value driver and sharing rooms or car rides is only part of and a conduit for the overall experience. It is important to note that traditional B2B marketing is still needed to create important stakeholder relationships to unlock user communities. These ventures appear to be on an upward growth trajectory. As mentioned, they use a number of control procedures to build trust. First, integration with other social media is crucial. Individual ratings and evaluations can be used as a “digital currency” of trust between different online sites. Second, safety of operations is important. This is ascertained by using money-back guarantees (or insurance against damage or misuse) and working with established online partners such as Paypal or Trustly. Third, transparency is needed. This translates into an open communication between all involved, start-up managers and users alike. Traditional B2B sales with important partners and users can still be highly relevant for managers.

On the other hand, we see very localised ventures with little control, such as SpaceCubed and Urban Fruit Initiative. These ventures have strong prosocial values and altruistic goals but lack the features of scalability for tribal communities. Further, the ventures are much less integrated within social media. The other business models are very different to these ventures.

## **6. Conclusions**

Sharing sites, in essence, match supply and demand of resources (a market space) using the Internet as a platform. The start-up phase is critical in the sense that ventures need to establish quickly a tribal community, the first dedicated users who spread word-of-mouth. The cases explored here are just few exemplars among a new breed of ventures combining commercial and altruistic motives for growth. We have developed and applied an innovation framework for understanding tribal collaborative consumption community building (Figure 1).

The study found that a key component for growth is the degree of integration and control of real-world operations. This is exemplified by the very traditional marketing, sales and PR activities required by ventures in their initial development, including “knocking on doors” and visiting fairs and events. Existing eco-systems of social media were found to be important tools for demonstrating social capital and establishing control with little extra costs. Another important component in establishing a tribal community is the strategic framing of the commonality of the community – the underlying interest or motive that will enable it to keep expanding (e.g. music or sport for GoCarShare or cultural experiences for Airbnb). Finding hooks to attract consumers to these common interests becomes the dynamic force that enables the scaling of tribal communities for collaborative consumption ventures.

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**Table 1.** Summary of case studies and potential for tribal community growth

| <b>Characteristic</b>                        | <b>Urban Fruit Initiative</b> | <b>SpaceCubed</b> | <b>Airbnb</b> | <b>Hinner Du? and Den Lille Tjenste</b> | <b>GoCarShare</b> | <b>FundedByMe</b> |
|--|-------------------------------|-------------------|---------------|---|-------------------|-------------------|
| <i>Reach</i>                                 | Local                         | Local             | Global        | Local                                   | National          | Global            |
| <i>Level of Intimacy</i>                     | Medium/High                   | Medium/High       | Medium        | Low                                     | Medium            | Low/Medium        |
| <i>Extent of Controls</i>                    | Low                           | Low               | High          | Low                                     | Moderate          | Moderate          |
| <i>Community Goals</i>                       | Altruistic                    | Altruistic        | Commercial    | Commercial                              | Altruistic        | Commercial        |
| <i>Shared Values</i>                         | Prosocial                     | Prosocial         | Medium        | Low                                     | Prosocial         | Low               |
| <i>Resource Types</i>                        | Fruit                         | Space             | Space         | Labour/tasks                            | Car sharing       | Money             |
| <i>Social Capital</i>                        | High                          | Medium/High       | Low/Medium    | Low                                     | Low/Medium        | Low               |
| <i>Potential for Tribal Community Growth</i> | Low                           | Low               | High          | Low                                     | Moderate/High     | High              |

**Figure 1.** Innovation framework for understanding tribal collaborative consumption communities (T3C)

