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SHARING BEHIND THE SCENES: UNDERSTANDING USER BYPASSING BEHAVIOR IN SHARING ECONOMY

Research in Progress

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Abstract

Sharing economy platforms facilitate people's sharing of underutilized resources by adding value to their users, such as reducing transaction costs and building trust. However, it is discovered by practitioners that users may actually bypass, or "disintermediate", the platforms to strike direct deals on their own. This phenomenon motivates this research-in-progress to understand sharing economy user bypassing behaviour. Specifically, we investigate their motivations of bypassing and behavioral strategies of overcoming trust barriers. Drawing insights from disintermediation literature, we conduct a single case study on Airbnb, a renowned accommodation sharing platform. Our preliminary findings show that Airbnb hosts have non-economic motivation to bypass the platform, and they are able to overcome trust barriers through leveraging the unbundling of intermediary functions. Upon completion of the research, the study is expected to make three theoretical contributions: uncovering the loopholes in sharing economy business models, augmenting predominant economic view of disintermediation, and proposing a "spillover effect" of embedded relationship on economic action.

Keywords: Sharing Economy, Bypassing Behavior, Disintermediation, Case Study.

1 Introduction

The proliferation of sharing economy platforms has greatly expanded the scope of economic activities by facilitating shared usage of underutilized resources among people (Botsman and Rogers, 2011). Transcending industries, such as accommodation (e.g., Airbnb, Couchsurfing), transportation (e.g., Uber, Lyft), restaurants (e.g., Eatwith, Feastly) and the alike, sharing economy is estimated to generate a potential global revenue of \$335 billion by 2025 (PwC, 2015). Although these intermediary platforms offer value-added functions to providers and consumers, they face the challenge of being bypassed. For example, it was reported that home owners and cleaners on Homejoy, a house-cleaning service platform, frequently strike direct transactions with each other (Huet 2015; Madden 2015); the same problem is suspected to afflict TaskRabbit and Handy (Lacy, 2015; Said, 2015). Since most sharing economy platforms profit by extracting commission from transactions completed on them (Jiang, 2016), bypassing not only reduces user vitality, but also results in revenue loss (Edelman and Hu, 2016). This underscores an urgent need to understand user bypassing behavior of sharing economy platforms.

Although bypassing is of major concern among practitioners (Breinlinger, 2012; Hudson, 2014; Moazed, 2015; Morgan, 2015; Sarva and Wald, 2015; Makkonen, 2016), there is a paucity of academic research investigating it. There are two probable reasons. First, it is assumed that sharing economy platforms disburden users by significantly lowering the costs of transaction, such as the cost of searching, matching, and contracting (Henten and Windekilde, 2015; Möhlmann, 2015; Hawlitschek, Teubner and Gimpel, 2016; Horton, Stern and Zeckhauser, 2016). Hence, bypassing might require users to commit time and effort thereby incurring transaction costs and discouraging them from doing so. Second, and more importantly, sharing economy platforms are deemed to help individuals overcome the inevitable trust barriers among strangers, therefore enabling sharing beyond

close communities (Schor and Fitzmaurice, 2015). For example, sharing economy platforms provide insurance and act as payment clearing system to curb moral hazard problem (Weber, 2014; Thierer *et al.*, 2015); they also embed digital technologies such as online feedback system, social network presence, and offline ID verification to reduce information asymmetry (Cohen and Sundararajan, 2015; Koopman, Mitchell and Thierer, 2015). In view of this, bypassing might seem improbable because it increases sharing uncertainty by subjecting providers and consumers to each other's self-interests.

Motivated by the stark contrasts between identified phenomenon (in reality) and assumed behavior (in literature), we decide to explore bypassing in sharing economy. Our research questions are:

RQ1: Why do providers and consumers bypass sharing economy platforms?

RQ2: How do they overcome trust barriers during the process of bypassing?

To best answer our “why” and “how” research questions, we decide to adopt the qualitative case study approach (Yin, 2013). We first synthesize prior works on sharing economy business model, review the disintermediation literature in IS discipline (mainly electronic commerce subfield), and explain the potential of unbundling of intermediary functions (Bailey and Bakos, 1997) and embeddedness theory (Granovetter, 1985) in addressing our research questions. Next, we articulate our proposed methodology, and detail our steps in data collection and data analyses. Our preliminary finding, based on a single case study of Airbnb, reveals that hosts are socially motivated to bypass the platform. Besides, they manage to overcome trust barriers by taking advantage of sharing economy platform and “internalizing” platform functions partially. Upon completion of the entire research, our potential theoretical contributions are: unravelling the loopholes in sharing economy business models, augmenting predominant economic view of disintermediation, and proposing a “spillover effect” of embedded relationship on economic action. We also call practitioners' attention to the phenomenon of bypassing and propose some practical suggestions.

2 Literature Review

2.1 Sharing economy business model

As sharing economy burgeoned and evolved across industries in diverse forms (Jiang, 2016; Owyang, 2016), academic investigation to better understand the business models can be grouped into these three streams. The first stream tries to categorize sharing economy platforms along their underlying characteristics in order to provide a better understanding of this emerging phenomenon. For example, Schor and Fitzmaurice (2015) identify market orientation and organization format as two dimensions distinguishing sharing practices; Jiang (2016) provides a typology based on key features such as supply side, demand side, platform provider, and asset distribution form. The second stream adopts a value proposition view (Amit and Zott, 2001) to unravel how sharing economy platforms help create value for their users. For example, Weber (2014) builds a dynamic game model and shows that insurance contract, which requires renters to make a deposit and surcharges them in case of damage, can effectively curb moral hazard problem. The third stream however adopts a value finance view (Timmers, 1998; Al-Debei and Avison, 2010) to examine the methods in which sharing economy platforms generate revenue from users. For example, Kun and Zhong (2016) justify the profitability of membership-based pricing strategy of Instacart. Li *et al.* (2016) investigate Airbnb and suggest charging a lower fee to nonprofessional hosts for profit maximization.

As user bypassing behavior is likely to have a bearing on the added-value of sharing economy platforms as well as the way sharing economy platforms extract commissions from users, our study (upon completion) would have important contributions and implications to sharing economy business model.

2.2 Disintermediation and the unbundling of intermediary functions

In electronic commerce research, the study of “disintermediation” gains traction in the 1990s, as it is believed that intermediaries would be gradually eliminated from the supply chain (Benjamin and Wigand, 1995) for three reasons. First, internet establishes a direct link between providers and consumers, satisfying a pre-condition for disintermediation (Gellman, 1996). Second, intermediaries add significant financial costs to the supply chain, providing a motivation for disintermediation (Congress, 1994; Benjamin and Wigand, 1995). Third, the advanced use of IT enables providers to “internalize” coordination tasks that were previously “outsourced” to intermediaries, enabling disintermediation (Malone, Yates and Benjamin, 1987; Lee and Clark, 1996; Giaglis, Klein and O’Keefe, 2002).

However, “disintermediation” is subsequently challenged by researchers who consider intermediary roles in an unbundled fashion. They contend that the role of intermediary should not be viewed as a unified service “coordination”, instead it should be decomposed into detailed functions (Sarkar et al. 1995). Notably, Bailey and Bakos (1997) identify four functions intermediary perform to add value to the supply chain: aggregating demand and supply, matching consumers and providers, facilitating transactions, and providing trust. Contingent on the specific situations, these intermediary functions are subject to different level of disintermediation, with some even being strengthened (Bailey and Bakos, 1997; Bakos, 1998; Chircu and Kauffman, 1999). For example, in electronic markets, there may be a continuous need for traditional reputable banks to perform transaction clearing function for providers and consumers, due to the lack of trust (Bakos, 1998; Giaglis, Klein and O’Keefe, 2002). As another example, matching function is found to be less valued in business-to-business market than in business-to-consumer market, because firms may have collaborated with each other before and have less need to seek new partners (Bailey and Bakos, 1997). Based on the unbundling of intermediary functions, we thus define “disintermediation” in the sharing economy as a situation where “one or more existing intermediary functions are circumvented by providers and consumers”.

In essence, the unbundling of intermediary functions may better elucidate user bypassing behavior. First, it may provide us with a more fine-grained view about bypassing. Although users who bypass do not close transactions on sharing economy platforms, it is unclear whether they still utilize partial platform functions to facilitate bypassing. Second, since disintermediation is contingent on specific situations, it may also be insightful to unravel what makes sharing economy platforms less appealing as a complete solution to sharing, and therefore vulnerable to user bypassing behavior.

2.3 Disintermediation and embeddedness theory

Most discourse on disintermediation (e.g., prior Section 2.2) is grounded in transaction cost theory (Williamson, 1979, 1981; Malone, Yates and Benjamin, 1987). If the financial costs incurred by the intermediary is more than the benefits (in the form of transaction costs reduction) it brings, providers and consumers will prefer to disintermediate (i.e., “internalize” and “make” intermediary functions). This is an economic-centric view on disintermediation (Sarkar, Butler and Steinfield, 1995). Albeit enlightening, it represents an “undersocialized” view of human motivation and overlooks the fact that economic activity is embedded in social relations and structures (Granovetter, 1985, 2005). Some institutional, social, and cultural factors have been identified to influence intermediation and disintermediation processes to compensate for the economic-centric view of transaction cost theory (Sarkar, Butler and Steinfield, 1995, 1998). According to embeddedness theory (Granovetter, 1985, 2005), people are influenced by the concrete and ongoing relationships surrounding them and respond to it when making choices. Unlike transaction cost theory which sees people as anonymous, atomized, economically rational actors pursuing narrow self-interests (Perrow, 1986; Ghoshal and Moran, 1996), embeddedness theory sees people as socialized, subjectively reasonable actors oftentimes seeking sociability, approval, status, and power, in addition to economic goals.

In sum, there is a need to incorporate embeddedness theory to study user bypassing behavior. Sharing inevitably blurs social boundaries (Belk, 2007, 2010), both in respect to things and people (Schor and Fitzmaurice, 2015). As interpersonal interaction is often involved, exchanges are by no means impersonal.

3 Proposed Research Methodology

To answer the “why” and “how” in our research questions investigating user bypassing behavior of sharing economy platforms, we adopt a qualitative case study approach (Eisenhardt, 1989; Yin, 2013). The qualitative case study approach is especially apt given that it is an exploratory study, the phenomenon is complex, and it has to be examined within its real-world context (Yin, 2013). This approach will enable us to dwell into greater depth the underlying motivations as well as behavioral strategies of bypassing.

To ensure that we are able to examine the complex phenomenon in great depth, we decide to focus on the single case study of a renowned sharing economy (i.e., Airbnb) for accommodation. As of 2017, Airbnb is projected to earn approximately \$3.5 billion by 2020 (Fortune 2017), generating revenue from commission for online bookings from both hosts and guests. It boasts about 3 million listings, with 640 thousand hosts (Airbnb, 2016b) and 150 million guests (Airbnb, 2016a). Airbnb is “a trusted community marketplace for people to list, discover, and book unique accommodation around the world” (Airbnb, 2016a). Advertising itself as a travelling accommodation sharing platform, it connects hosts who have rooms to spare with guests who need a place to stay. Since our research question also probes at how providers and consumers (i.e., typically strangers) overcome trust barriers in bypassing, users of Airbnb who have never meet before qualify Airbnb as an ideal research context.

3.1 Preliminary data collection

To gain some initial knowledge about the bypassing phenomenon, we target to collect primary and secondary data. For primary data, we intend to interview both hosts and guests of Airbnb. For secondary data, we intend to collect archival data and documents (e.g., market reports and business review of Airbnb, online Q&A regarding Airbnb on Quora.com and Zhihu.com). These would aid in data triangulation to help corroborate our findings (Yin, 2013).

For this research-in-progress (RIP), we performed purposive sampling, intentionally selecting hosts who have sent and/or received bypassing requests, regardless of the eventual outcome (i.e., whether bypassing was carried out or not). We contacted these hosts through various avenues (e.g., sending invitations on Airbnb website, private messaging in a social network group of local hosts, referees via personal relations, etc.). Given the sensitivity of the phenomenon, we promised all interviewees “anonymity” and “confidentiality”. Hence, pseudo names (in the form of letters, e.g., B, S, V, etc.) will be used in this paper. An initial set of 10 hosts from China (for this preliminary study) accepted our interview requests. Their hosting experiences ranged from 6 to 24 months, with the mean being 12. 7 were female and 3 were male, ranging from the late twenties to the thirties.

Prior to the interviews, we devised our interview protocol (Patton, 1990). We grouped our questions into four sections: background/demographics questions, knowledge questions (i.e., facts about the topic), experience questions and opinions questions. We first began with some background/demographics questions, as well as knowledge questions (e.g., Why did you become a host? Where are your listings? How are they decorated? etc.). By starting with these easy questions, our interviewees would soon feel at ease. After striking a rapport with the interviewees, we then manoeuvred our way into the more controversial experience questions and opinions questions, asking them about their typical hosting experience, interaction with potential guests, negotiation (if any) and bypassing (if any) (e.g., Are there any guests who contacted you to suggest bypassing the platform? Could you share with us what happened? Did it materialize? How did you feel? etc.).

Noteworthy, we did not restrict our questions to those pre-planned. As and when we encountered interesting comments from the interviewees, we would probe further to elicit more details. We conducted our interviews through phone calls or synchronous voice messages, depending on their preferences. Each interview lasted between sixty to ninety minutes. Follow-up questions, if needed, were also asked through emails and text messages. As the original interviews were conducted, recorded and transcribed in Chinese, we ensured that our researchers were bilingual and all the interviews were accurately translated into English.

3.2 Preliminary data analysis

Our data analysis followed the procedures suggested by Miles, Huberman and Saldaña (2013). Two bilingual authors independently coded and aggregated the original data iteratively. They read every single line to code all the interview transcripts. Noteworthy, the entire process of data analysis is not linear, but highly iterative.

In the first cycle coding, as we were interested in the motivations and behavioral strategies of hosts, “values coding” and “process coding” were used respectively (Saldaña, 2015). For example, using “values coding”, we found that hosts often commented that long-term stay bypassing were “appropriate” and “understandable” whereas short-term stay bypassing were “unnecessary” and “improper”. Using “process coding”, we detected that when describing their bypassing strategies, hosts engaged in “negotiating beforehand”, “reducing uncertainty” and “taking deposit in advance”.

Data analysis was conducted concurrently with data collection. We went back and forth in the data and compared it with our emerging codes. As we proceeded into the second cycle coding, also known as pattern coding, we identified significant codes and grouped similar ones into same categories. For example, “appropriate” and “understandable” were classified under the same category “legitimacy”; “negotiating beforehand” and “taking deposit in advance” were classified under “taking pre-emptive action”. Since this is a research-in-progress (RIP) paper, we are still collecting additional data and analyzing them. It is hence possible for new codes and categories to emerge with more data.

4 Preliminary Findings

4.1 Beyond economic consideration: legitimacy of bypassing requests

Sharing economy platforms may earn commission from users (e.g., for Airbnb, the commission is 3% for hosts and 6% to 12% for guests based on the reservation amount). Although it seems that hosts would have financial incentive to bypass the platform, we find that their motivation to bypass is not primarily driven by economic consideration. They are either indifferent to or agreeable to the commission, both of which would discourage the initiation of bypassing on their own. Most of them credit the platform for offering this new source of income and hence consider the idea of handing over a token sum justified. To illustrate, T explained that the commission is of negligible amount, whereas C was comfortable with the commission extracted by the platform:

“It’s ok [to charge me a commission]. Frankly, it’s so little that I don’t even bother thinking about it. Let’s say the price for my single room is 200 RMB per night. The commission is just a few coins [i.e., less than US\$1]. Sharing through the platform won’t rip me off anyway.” (-- From T, 27, female)

“Whether it is me renting out a spare room or a guest seeking a place to stay, we both rely on the platform. I think most people would agree that Airbnb deserves the commission and hence I would not mind paying the commission.” (-- From C, 27, male)

Hosts informed that most of the time, guests are the ones initiating the bypass to avoid paying commission. Hence, hosts need a legitimate reason in order to find the effort worthwhile. They informed that they would try to be empathetic by putting themselves in the guests’ shoes. For example, bypassing requests from guests engaging in long-term stay seems more legitimate than those engaging

in short-term stay. The arbitrary cut-off point for long or short term stay is 10 days. To illustrate, M, who has two-year hosting experience on Airbnb, showed her understanding and empathy:

“They stay with me for about two weeks. It’s not hard to imagine that the commission is a bit too high [for them]. If I were them, I would also feel the pinch. It’s unfair to pay extra money amounting to one-night stay. It doesn’t make much sense. I’m willing to bypass if it can help them.” (-- From M, 26, female)

On the other hand, hosts frown upon similar requests made by guests engaging in short-term stay. They typically refuse to accede to the request. To illustrate, this is what S and C have to say:

“It’s really weird to propose something like that. I myself have used Airbnb as a guest too. The commission for a 2 to 3 days stay isn’t a lot. It’s not necessary to ask for a favor like this. Most people would deem it improper.” (-- From S, 32, male)

“In our [asian] culture, people like to ask for a discount even in shopping malls. This is at times meaningless. However, they feel that there is no harm trying; otherwise, they feel foolish. Asking to bypass the platform for short-term stay exemplifies this.” (-- From C, 27, male)

4.2 Taking advantage of platform: building trust towards guests

Bypassing the platform seems unlikely if hosts cannot ascertain the trustworthiness of guests. For first-time guests, hosts try to make their own judgment and develop trust towards bypassing guests with the help of platform functions. Similar to the way they evaluate a platform guest, hosts rely on individual information such as profiles, reviews, and cues they get from online messaging to gain familiarity. Although these trust building mechanisms are implemented for the sharing economy platforms, there is no prevention of hosts from using them to evaluate bypassing guests:

“Reviews are of great help. You get to know the person’s personalities and manners, such as friendliness, politeness, and neatness. Even though you have never met the person before, you develop a sense of familiarity through others’ eyes. If the reviews are positive, it gives you some confidence about the person.” (-- From N, 29, female)

Apart from establishing trust at an individual level, hosts tend to have a good impression of guests who contact them via Airbnb due to its reputation. In other words, due to the international success of Airbnb as an accommodation sharing economy platform, hosts tend to have faith about these guests even if they later request the bypass:

“Airbnb guests are of high-quality. As it is well-known overseas, guests are likely to have been educated or are working. Generally speaking, this is a well-educated population. Airbnb itself has already filtered out the undesirable guests.” (-- From B, 31, male)

Furthermore, through probable “spillover effect” at the community level (i.e., positive prior experiences with both bypassing guests and platform guests), trust seems easily established even for new bypassing guests. Hosts informed that most bypassing guests meet their expectations, and few have encountered any major problems, if at all. These prior experiences hence reinforce each other:

“I haven’t encountered any big problems such as damage or theft. I seldom meet a guest who is rude, picky or refuse to pay. As the [chinese] saying goes, why should people stop eating just because there is a risk of choking?” (-- From R, 29, female)

As bypassing is typically granted by hosts for guests engaging in long-term stay, the experience can be very reinforcing. Over the longer period of stay, these bypassing guests can forge a stronger relationship with the hosts:

“We had a really good time together, socializing, chatting, and eating home delivery food almost every night. We still keep in touch now, and interact on social networks. I feel happy about it. This is what you wouldn’t expect from a bypassing experience.” (-- From V, 26, female)

4.3 Internalizing platform functions: designing countermeasures against risk

Although most bypassing experiences have been positive, some hosts have been confronted with problems. The main risk identified is that of “uncertainty” (given that bypassing guests are not contractually bound through the platform, and may decide to change their plan during their stays and even forgo the reservation):

“With bypassed transactions, guests can easily regret and break their agreement. Without a legal binding, they are less responsible. But, sometimes it’s not all their fault. You know, things always crop up and change because their stay tends to be so long... No matter what, I need to take precaution, just in case.” (-- From V, 26, female)

In order to safeguard themselves against potential loss, hosts devise pre-emptive measures. Similar to the platform measures that deal with reservation changes and cancellation, they either require bypassing guests to pay the accommodation fees in advance, or pay several hundred RMB deposit, or additionally negotiate their own refund policy. To illustrate, V was proud that her refund policy was not only effective, but also widely approved by her bypassing guests:

“I have an agreement with my guests. If they make changes during their stays, they need to tell me 10 days in advance. Otherwise, I won’t return their fees for that 10 days. This 10-day grace period allows me to find a new guest. My bypassing guests also feel that it’s good we agree beforehand.” (-- From V, 26, female)

As the above strategy requires bypassing guests to have full trust of the hosts, since they need to pay in advance but run the risk of not being offered a room upon arrival, some hosts decide to provide the guests with some assurance through a hybrid solution – that is, guests book the rooms through the platform for the first few days, but bypass the platform for the remaining days. Interestingly, the “wittiness” in this new strategy is the initial possibility of “testing the water” (i.e., assessing the guests) and the subsequently possibility of “regret” (i.e., if they do not enjoy the initial experience of renting (from hosts’ perspective) or staying (from guests’ perspective)):

“There must be mutual benefit. From the guest’s perspective, choosing a room to stay or a host to stay with isn’t much different from choosing a product to buy. Before you make your decision, you’d like to try it first, wouldn’t you? The same goes for the host. If it turns out that I don’t like this person, I can say no to him or her. It ensures that our bypassing experience will be enjoyable. Everyone is better off.” (-- From C, 27, male)

5 Discussion and Potential Contributions

Addressing the two research questions, our preliminary study reveals several interesting findings.

First, supporting embeddedness theory (Granovetter, 1985, 1992; Granovetter and Swedberg, 2001), user bypassing behavior of sharing economy platforms is subject to social influence. Unlike prior studies (e.g., on disintermediation) that tend to adopt transaction cost theory (Sarkar, Butler and Steinfield, 1995), hosts tend to be motivated more by non-economic motivation to bypass the platform. Otherwise, economically, hosts often perceive the commission as negligible and justifiable. Only by seeing from guests’ perspectives (i.e., putting themselves in others’ shoes), hosts become more willing to bypass platform to help guests, especially those engaging in long-term stay.

Second, hosts are able to overcome trust barriers when bypassing platforms through leveraging the unbundling of intermediary functions. Even though the deal is not closed on the platform, there is no prevention of hosts from taking advantage of ex ante trust building functions (such as profiles, reviews, and online messaging) as well as “internalizing” ex post trust building functions (such as refund policy and deposit). Hosts use the former to establish initial confidence and implement the latter to safeguard against risk. They also creatively design a new hybrid strategy (i.e., book through the platform for the first few days, but bypass the platform for the remaining days) that facilitates

“testing the water” (i.e., assessing the guests) and “regret”, allowing either themselves or the guests to withdraw if necessary.

Upon completion of the research, our study has the potential to make three theoretical contributions. First, we enrich extant research on sharing economy business models (e.g., Cohen and Sundararajan, 2015; Jiang, 2016) by investigating a problematic phenomenon (i.e., user bypassing behavior) plaguing sharing economy platforms. It unravels the potential loophole in an otherwise popular business model which has transcended many industries. We further elucidate (through unbundling of intermediary functions (Bailey and Bakos, 1997; Sarkar, Butler and Steinfield, 1998) that although the deal is not closed via the platform in a bypassed transaction, it is not true that the “entire” platform is unused, instead “partial” functions of the platform is used to facilitate the bypassing. This underscores the criticality of some platform functions. On the other hand, we also discover that some platform functions can be “internalized” by users, through other comparable solutions and/or creating new strategies, to render these functions dispensable. Most interesting, we find a “paradox” – that an overall favorable sharing experience (legitimately via the platform) may actually exacerbate subsequent user bypassing behavior. After all, if all hosts and guests are pleased, they become increasingly emboldened and less hesitant about closing the deal on their own (i.e., bypassing platform).

Second, we complement disintermediation literature (e.g., Benjamin and Wigand, 1995; Chircu and Kauffman, 1999) in two ways: first, by investigating beyond what extant works have primarily identified (i.e., antecedents and contingencies) to examine actual behavior strategies, and second, augmenting the predominant economic-centric view (Sarkar, Butler and Steinfield, 1995) with a social dimension. The contention, if any, between economic and non-economic factors are what platforms and users often need to grapple with. This is critical to future works on sharing economy platforms because the mere existence and proliferation of sharing economy platforms is not motivated only by economic factors, but also by social factors. Noteworthy, sharing itself is not new (Price, 1975); but, it has only recently been conducted in such a large scale that makes it remarkable (Albinsson and Yasanthi Perera, 2012; Bardhi and Eckhardt, 2012).

Third, we enhance embeddedness theory (Granovetter, 1985, p. 490-491) which informs that people have “preference for transacting with individuals of known reputation” and are rarely content to rely on “generalized morality ... to guard against troubles”, and they seek information about an individual’s reliability by asking a “trusted informant that has dealt with that individual”, or even better, consulting their “own past dealings with that person”. However, our findings reveal that the impact of the relationship of a dyad (e.g., between hosts and guests) do not only impact the dyad involved, but also would have a “spillover effect” to impact other person in the network (i.e., positive prior experiences with both bypassing guests and platform guests help establish trust even for new bypassing guests). This is evidently the case from our preliminary study. Also, we wish to clarify that this has a subtle but important distinction from the concept of “oversocialized” (Granovetter, 1985). Unlike the concept of “oversocialized”, our findings echo that of embeddedness theory by acknowledging the power of social relationship in generating behavior expectations, but more importantly, conditional on individual’s personalized, concrete, and satisfying history of relations.

Our study also has potential practical implications. Sharing economy platforms may want to monitor usage patterns of their platforms, and pay attention to anomalies, if any. They should also be cognizant of the bypassing behavior and incorporate either safeguards or incentives to further discourage either hosts or guests from doing so. For example, to safeguard, platforms may want to restrict the content exchanged in online messaging or pay special attention to hosts’ behavior of blocking long days on listings’ calendar; to incentivize, platforms may want to consider implementing a decreasing function for commission based on length of stay (i.e., with every booking of an extra day, the commission decreases). This may discourage guests from booking via the platform for the first few days, but bypass the platform for the remaining days.

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