Better Trust Between Users in Sharing Economy Platforms

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Abstract

The widespread sharing of economy platforms has been recognized as a disruptive technology to every business sector. There is no doubt that sharing economy platforms created an innovative way for conducting business deals with anonymous individuals; yet, pose some new threats to the community that goes beyond monetary threat. The widespread sharing of economy platforms and their associated new threats motivated our study. In this study, I examined the impact of host’s and guest’s Identity Document (ID) verification on successful transaction completion in the context of sharing economy, specifically in accommodation services. In an empirical analysis of Airbnb’s data, I found that verified hosts have the greatest impact on successful transaction completion among other groups, namely, recently-verified and never-verified groups, respectively.

Keywords

Sharing economy, trust, identity verification, purchase decision and transaction completion.

Introduction

Trust is an essential factor in the success of almost any online system that facilitates communication between two strangers. When it comes to human interaction, it typically takes time to build trust between two people, which would seem to be a problem when it comes to online platforms that depend on instant in order to function. Online Peer-to-peer (P2P) marketplace platforms, such as eBay and Amazon, have been using customers’ reviews and experience ratings to overcome the trust issue in the online marketplace. In fact, customers’ reviews and ratings represent the seller’s reputation and trustworthiness, which helps buyers to use their own judgment on the potential financial risks associated with the transaction and make a decision on whether or not to conduct the transaction with a particular seller. However, recent studies show that positive reputational ratings emerged as mildly influential in determining final bid price and purchase decisions (Standifird 2001; Utz et al. 2012).

These days, a new form of P2P marketplace, such as Airbnb (sharing economy platform for accommodation), Uber (transportation network company) and Vayable (personal tour guide), has been emerging which shares access to personal services and assets coordinated through community-based online services (Hamari et al. 2016); this is called a sharing economy marketplace. The sharing economy marketplace undoubtedly poses new safety and security threats that go beyond financial risks (Ert et al. 2016) as has been the case in the traditional P2P marketplace, including a long list of personal crimes, such as murder, robbery, rape, drugs, and burglary. To illustrate, transactions conducted via the sharing economy platform usually followed by a face-to-face meeting between two complete strangers open a window to potential personal crimes. Furthermore, sharing economy platforms constitute fertile soil for crimes and have the potential to be used as a means to finding a victim and yet maintaining anonymity. Although the customer reviews technique represents seller reputation and shows its impacts on trust establishment (Resnick and Zeckhauser 2002), it does not fully address the critical issues posed by new emerging marketplaces.

In practice, the P2P marketplace platform realizes the importance of having trust and reputation mechanisms to establish trust between strangers that eventually would encourage a consumer conduct
transaction. The current adopted mechanism in practice is mainly focused on users’ historical experiences with particular users, which helps the potential customer to determine user trustworthiness and to minimize the fraud-risk associated with the online transactions. To be more specific, the traditional P2P marketplace, such as eBay and Amazon, and the new P2P marketplace that is based on sharing economy, such as Uber, use reputation-based models to overcome trust issues in the online environment. However, a recent study that analyzed actual Airbnb data shows that a review score has no effect on the listing’s price, which contradicts previous findings from a similar online marketplace (Yacouel and Fleischer 2012). Surprisingly, the authors found that online review scores on Airbnb have low variances such that 90% of Airbnb hosts in five different cities received scores between 4.6 and 5 stars out of 5. As a result, the host’s review score does not have an impact on the listing’s price. One possible explanation is that the nature of the transaction on Airbnb is usually followed by personal contact experience which encourages perspective taking (Kogut 2011). The extreme high ratings on the review score would have an effect on its informative value and would not be very useful for consumers during the decision-making process. Thus, sharing economy platforms require a new mechanism that establishes trust between its users.

To address this problem, Airbnb developed an identity verification tool that connects between online and offline space. Verified identification tools check the user’s online identity, such as Facebook and Twitter, and match it to offline ID documentation such as confirming personal information or scanning a driving license. Verified users can earn a “verified ID” badge on their profile in exchange. Airbnb announced the adoption of identity verification, which requires a random 25% of users in the USA to go through the Verified ID process (Airbnb Inc 2013). This study aims to investigate the impact of Identity document (ID) verification on the successful transaction completion in the context of sharing economy.

Problem Statement

Emerging Peer-2-peer (P2P) marketplace platforms based on a shared economy possess new security and safety challenges to the community, both to consumers and suppliers. The current trust model (reputation-based model) that is widely used in traditional P2P marketplace platforms is not commensurate with the users’ legitimate needs in new emerging P2P platforms in order to establish trust and ultimately influence transaction completion.

In the traditional P2P marketplace, the establishment of unidirectional trust, from buyer to seller, is essential to successfully influencing the purchase-selling decision-making. In contrast, sharing economy platforms requires bi-directional trust, in which both supplier and consumer must trust one another in order to influence the purchase-selling decision-making.

Literature Review

Sharing Economy

Information and Communication Technology (ICT) continue to bring the global community together more than ever expected. The revolution in ICT not only allows people to easily connect with others in different parts of the world but also enables individuals to share their assets with others as well, making the dream of having a shared economy become applicable and accessible. Sharing economy is defined by Hamari et al. as, “The peer to- peer-based activity of obtaining, giving, or sharing the access to goods and services, coordinated through community-based online services” (Hamari et al. 2016).

A recent report by Credit Suisse identified three types of sharing economy businesses: platforms that enable individuals to sell or rent their own goods and services in return for a deduction of the total transaction amount (Airbnb, TaskRabbit), membership platforms that allow users to rent items or access services in return for subscription fees (zipcar, Elence), and finally, collaborative platforms that enable individuals to exchange intangible services (Yelp) or tangible things like funding (Lending Club) (Ashley Kindergan 2015). Based on the Credit Suisse classification, it is obvious that sharing economy platforms is used for divergent purposes, the main ones of which are accommodation, transportation, tourism, entertainment and business and financial services. Although each one of the aforementioned platforms serve a different segment, they all use ICT as a medium that enables anonymous individuals to easily share physical and nonphysical goods and services. Thus, the sharing of economy phenomena discussed in this paper will be primarily viewed within the context of ICT as a simplified sharing economy operation.
It is obvious that the new emerging phenomena of the sharing economy is spilling into new markets and attracting more investors. As Price Waterhouse Coopers (PWC) points out, consumers are showing a robust appetite for the sharing-based economy (Cox 2015). According to PWC’s report, it estimated a tremendous global revenues growth in five key sharing sectors; namely, travel, car sharing, finance, staffing, and music and video streaming, to reach around $335 billion by 2025 (Cox 2015). The emergence of sharing economy platforms offer consumers with an alternative option to traditional and long-established industries of supplying goods and services (Zervas et al. 2016). Recent studies show that sustainability, enjoyment of the activity, economic gains, and social connections are factors that motivate people to participate in sharing economy platforms (Hamari et al. 2016; Schor and Fitzmaurice 2014). Similarly, another study shows sustainability, cost advantages, and the expression of a modern lifestyle as benefit-related drivers of using a sharing economy (Teubner et al. 2016). However, Lars’s and Toon’s (Böcker and Meelen 2017) empirical study show that motivation to participate in a sharing economy platform differ between socio-demographic groups, between users (i.e. consumer vs. providers), and finally, depending on the type of goods being shared (e.g. car, ride, meals, accommodations, tools). To be more specific, the study shows that sharing in the accommodation sector is economically motivated whereas it is environmentally motivated in the car and ride-sharing sector, and finally, socially motivated in the meal-sharing sector.

The widespread adoption of the new emerging phenomena is believed to have its implication on society, businesses, individuals, and the government. From a business perspective, businesses based on sharing economy platforms are seen as a disruptive innovation to the conventional business as it captures its impressive market shares in different sectors (Avital et al. 2014; Guttentag 2013; Martin 2016). Indeed, Zervas et al. found that Airbnb is already challenging the conventional hotel industry and acquiring considerable portions of their market share. Based on the authors’ empirical study, they estimated that the Airbnb platform caused an 8-10% decline in hotel quarterly revenues in Austin.

The government shows contradictory responses to the acceptance of this disruptive technology. In 2014, German court banned Uber’s basic service throughout the nation (Eddy and Eddy 2014). As a result, Uber suspended its services in Hamburg, Dusseldorf, and Frankfurt due to a difficult regulatory environment (Ludwig Burger 2015). Similarly, the French court ordered a complete suspension of Uber services in 2015, followed by court fines for running illegal taxi service in 2016 (Reuters 2016). In contrast, The United Kingdom (UK) embraces the sharing economy business and distinguished itself by leading the revolution of a sharing economy. Matthew Hancock, the jointly Minister of State for Business, Enterprise, and Energy, supports the emergence of a sharing economy platform, saying, “We back them and we want to help them make our lives easier.” (Debbie Wosskow 2015). He added, “We are removing barriers that stop people sharing their assets, and will empower people to make more from their assets and skills.” (Debbie Wosskow 2015). It clear that the UK government and possibly many other countries see the potential value of sharing economy platform and willing to give its support to enable this emerging technology to flourish.

The emergence of a sharing economy platform also has its implications on society from the individual level. The risk implications associated with a sharing economy marketplace platform are far more serious than risks associated with a traditional marketplace platform. To illustrate, the transaction in the traditional P2P marketplace almost always involves monetary risk while it involves monetary and other crimes such as personal and property crimes. A recent example that uncovers the potential safety implications of a sharing economy platform is an incident that occurred to an individual who was sexually assaulted by a host during his stay at an Airbnb in Madrid (Lieber 2015). Another unfortunate example is the rape of a 26-year-old Indian woman by an Uber driver (BBC 2015). The potential personal and property crimes associated with a sharing economy platform raise a new level of concerns related to identity and legitimacy for both consumer and seller. Thus, using the current reputation mechanism may not eliminate the new consumer’s worries and may not have a strong influence on successful transaction completion on the sharing economy marketplace as opposed to the traditional online marketplace.

According to Chevalier and Mayzlin (Chevalier and Mayzlin 2006), their empirical study on Amazon, a traditional online market place, shows that book sales improved when books were rated more highly and decreased when book were rated with one star. In addition, the study shows a significant weak uphill and moderate downhill relationship (p<0.01) between reviews with five stars and one star and book sales, respectively. In other words, reviews with one star ratings have a stronger impact on sales than five star ratings. However, online score rating is expected to have no impact on sales for sharing economy marketplace as opposed to the traditional P2P marketplace. This is because the differences in the nature of
the transaction and risk level associated with each marketplace. In fact, Lee and colleagues concluded that quantity of reviews is more important than score ratings on predicting room sales in their investigation of Airbnb dataset collected for five cities over two months (Lee et al. 2015).

H1: Hosts’ online review score has no relationship to a successful transaction completion in the Airbnb platform.

Trust

The concept of trust has been theoretically and empirically studied from different perspectives in various academic disciplines, namely organizational studies, economics, information systems, computer science, political science and sociology. Trust is defined in the marketing literature as “Trust is existing when one party has confidence in an exchange partner’s reliability and integrity”. In sociology, trust is defined by Sasaki and Marsh as “trust is a bet about the future contingent actions of others” (Sasaki and Marsh 2012). In the information systems field, trust is conceptualized within the context of e-commerce and is defined as “a set of specific beliefs dealing primarily with the integrity, benevolence, and ability of another party” (Gefen et al. 2003). In the computer science field, the definition of trust is mainly focused on the computational development of the trust model (Mao and Shen 2016; Xiong and Liu 2004).

Sasaki and Mar distinguish trust mainly in three dimensions – relational, psychological, and cultural. As far as relationships with others, trust has an epistemological nature and is reflected by the trustworthiness of others (Sasaki and Marsh 2012). Sasaki and Mar declared the relational trust as “the probability of well-placed trust rises with the amount and variety of true information about the trustee.” (Sasaki and Marsh 2012). On the other hand, with psychological trust, an individual makes his/her trust judgment based on the personal history of experiences with trust and then grant or withhold trust accordingly (Sasaki and Marsh 2012). Finally, the cultural dimension focuses on the cultural rule that governs the individual decision with regard to trust granting or withholding. For the purpose of this study, I mainly focus on the first dimension of trust—the relational dimension—to identify relational factors that support the establishment of trust in the peer-2-peer platform.

Trust in computer science literature focuses on building methods to establish trust between strangers in the virtual world. Scholars have proposed different algorithms to represent seller/service provider’s reputation in order to determine individual trustworthiness and attractiveness. According to Mao and Shen, the current proposed algorithm is primarily based on two models, reputation and Web of trust (WoT). In the reputation model, the central authority calculates the reputation value based on the historical evaluation of all the users toward a particular user, representing their experience with the user (Mao and Shen 2016). In contrast, the trust-based model—considered a decentralized model rather than having central authority as in the reputation-based model—an individual user independently specifies trust values for other users with whom they have direct interactions (Mao and Shen 2016).

Trust in e-commerce literature makes clear distinctions between initial trust formations as a first experience with e-vendor and ongoing trust formation due to prior experience with a particular e-vendor (Gefen et al. 2003; Harrison McKnight et al. 2002). Initial trust formation is seen to be more complicated to uncover due to additional variables that could influence the trust such as risk, vendor size, reputation (Jarvenpaa et al. 1999), trust transference (Doney and Cannon 1997), and perceived website quality (Harrison McKnight et al. 2002). In the sharing economy platform, the nature of transactions generally requires initial trust formation between consumer and supplier due to the minimum likelihood of prior experience between them. Thus, the focus of the study will be the initial trust formation in the Peer-2-Peer platform. Although our study focuses on the initial trust formation between consumer and supplier in the sharing economy platform, I will mainly focus on consumer-supplier related factors that influence the bidirectional trust establishment between them and exclude intermediary related variables. To be more specific, variables that relate to the platform such as the quality of the website appearance and website security will not be a part of our study.

The nature of transactions conducted in the sharing economy platform is unique and different from those transactions conducted on the traditional marketplace platform in terms of trust establishment. To clarify, the trust decision falls on the shoulders of the buyer only assuming the marketplace will assure legitimacy of the payment method. Amazon’s review mechanism allows buyers only to give feedback and rate on their recent experiences with sellers, which is an evidence of unidirectional trust establishment on the traditional
Although other traditional P2P platforms such as eBay allow both seller and buyer to rate their recent transaction experiences, they offer different transaction forms, such as auction, that requires bidirectional trust to limit non-paying bidding. In contrast, bidirectional trust establishment is essential in P2P sharing economy platforms. In fact, buyer and seller must trust one another in order to make a transaction happen in the P2P sharing economy marketplace. It requires bidirectional trust due to possibilities of potential risks for both parties. To illustrate, transactions conducted via the sharing economy platform usually followed by face-to-face meeting, opening a window to potential personal and theft crimes for both buyer and seller. Thus, sellers are more likely to accept transaction deals with buyers who verify their identity.

**H2:** There are statistically significant differences between guests who verified their identity with regard to successful transaction completion on the Airbnb website.

A recent empirical study to understand the role of personal photos on Airbnb found that hosts are more trustworthy when they use their personal photo in their profile (Ert et al. 2016). The authors proposed a validated conceptual framework that examines the effect of two variables, namely the product’s and the host’s attributes on consumer decision. As defined by Ert et al., the product’s attributes are the type of living space, the apartment’s size, the number of rooms, location, and so on (Ert et al. 2016). The host’s attributes are visual information (host’s profile photo) and non-visual information (reputation score). Ert and his colleagues restricted non-visual information to the hosts’ reputation represented in the reviews written by their guest. However, I argue that sharing economy platforms require a more robust trust mechanism than using the traditional reputation score. The new trust mechanism should address guest concerns with regard to the host’s personality. The new trust mechanism should have the capability to reveal information about the host identity. According to Kwok et al., “The individual identity feature provides a fundamental element to build trusted relationships among peers that can then increase cooperation” (Kwok et al. 2002). In fact, Host ID verification is non-visual information used by Airbnb that I believe has a strong impact on successful transaction completion.

**H3:** There are statically differences between hosts who verified, never verified and lately verified their identity with regard to Successful transaction completion on the Airbnb website.

**Research Methodology**

This study examined the impact of Identity document (ID) verification on successful transaction completion in the context of the sharing economy platform. Spearman’s rank test, Mann-Whitney U and Kruskal-Wallis One-way ANOVA by Ranks test were carried out on secondary data to empirically answer the research question and test research hypothesis. The secondary data was collected from Airbnb, an online worldwide marketplace based on sharing economy approach to facilitate networked accommodation services.

![Figure 1. proposed framework](image)

**Data Collection**

Two datasets were collected for all rental types located in Los Angeles and listed on Airbnb in two different time periods. The first dataset contains detailed data about all Los Angeles units listed on Airbnb on September 2015 while the second dataset contains data about all units listed on August 2016. I chose Los Angeles because it has a large number of accommodation units listed on Airbnb for the two selected time periods, which ultimately help to have a result that is more representative of the population. Second, Los Angeles has a population rich in diversity in terms of age, ethnicity and socio-economic status. Third, Los Angeles is one of the few cities that has the availability of datasets captured in one-year time intervals.

The datasets contain 92 variables related to both the host’s and accommodation unit’s attributes, some of which are accommodation unit type, location, number of reviews, information about host and ID
verification. Listings that only matched in the two datasets were included in the study while the rest were excluded. From the collected data, 8585 units’ listings match and found in both datasets and initially included in the study.

In the combined dataset, I calculate the number of reviews posted between Sep 2015 and Aug 2016 per listing by subtracting the total number of reviews posted in Aug 2016 from total reviews posted per listing in Sep 2015. I found that 853 listings did not have any review posted during the period of our study. The data shows different explanations of such incidents, all of which provide rational reasons to be excluded from study. For instance, listing price was relatively high compared with similar units in the area; other cases show that the hosts did not mark their unit as available through the entire year. Thus, I decided to remove these cases from the study.

Finally, 21 cases were removed from the study as they happen to be outliers as they scored above 3 in the Z score of the estimated total number of booking. The final dataset contains on 7626 of units listed on the Airbnb from the period of Sep 2015 and Aug 2016.

**Measures**

*Review score rating:* It represents guest overall experience for the specific rented unit. The value of review score rating range 0 to 100 where 0 is the lowest and 100 is the highest score rate that host can get.

*Host’s ID verification:* Airbnb uses different methods to verify the host’s ID, one of which is through submitting their driver’s licenses to Airbnb and checking on whether the information from driver’s licenses such as name and birth date match the host’s online identify such as LinkedIn or Facebook. After combining and comparing the two retrieved datasets, three types of Host’s ID verification status were found over one-year period, from September 2015 to August 2016. The first group represents all listings in which hosts had successfully maintained their ID verification status as verified (Identity verified) while the second group represents hosts who did not verify their identity (Identity never verified) over the year. The final group represents all listings in which the hosts did not verify their identity at the beginning of the year, but they successfully verified their identity at one point before Aug 2016 (Identity verified lately). It was essential to have a third group representing hosts with identity verified lately to avoid potential bias that could happen as a result of adding these cases to either verified or never verified groups. Categorizing the variable into three groups gives a chance to leverage the existing data sets to generate more in-depth insights into the impact different ID verification status on trust establishment.

*Guest’s ID verification:* Airbnb also offers hosts to restrict their listings to guests who successfully provide information about their identity such as a driving license, phone number, and a profile picture. However, the collected dataset shows that all hosts did not require guest-driving licenses as a condition to rent their listings. Thus, guests who verify their phone number or uploaded profile pictures are considered to have successfully verified their identity. Unlike host ID verification, guest ID verification categorized in to two groups, guest with identity verified and guest with no identity verified. This is because that all hosts who didn’t restrict their listings to only verified guests did not change restriction over the year. Thus, after merging the data, only two categories of guest in term of ID verification were detected.

*Successful transaction completion:* Number of bookings per listing can be seen as representation for guest-host behavior for conducting the transaction. In other words, it reflects that both guest and host trust each other enough to complete the transaction. Unfortunately, the collected datasets do not contain the number of bookings per each listing. However, the total number of reviews per listing throughout the year (September 2015 - August 2016) can be used as a proxy of the minimum number of booking per listing. This is due to the fact that Airbnb allows its guests to write a review about the host and their recent trip only when guests actually pay and stay at the reserved unit (Lee et al. 2015).

**Analysis**

In this study, I have used four different analysis methods to test our research hypothesis. First, I used descriptive analysis that was conducted to visualize and understand our data in terms of case distribution across different ID verification groups.
Then, I used Spearman's rank test carried out to determine the correlation strength between review score and transaction completion. Spearman rank test is the nonparametric correlation coefficient test that is used when data violate one or more of Pearson's r correlation assumptions. In our data, successful transaction completion violates the normal distributed assumption.

Finally, I used Mann-Whitney U and Kruskal-Wallis One-way ANOVA by Ranks test to separately determine the impact of guest ID verification and host's ID verification on successful transaction completion respectfully. Mann-Whitney U used to pinpoint the difference between two groups while the latter used for variables that have more than two groups. Both are nonparametric tests equivalent to T-test and one-way ANOVA and are widely used when ANOVA assumptions are violated. Leven's Test shows that homogeneity of variance is violated (p > 0.001). Thus, Mann-Whitney U and Kruskal-Wallis One-way ANOVA by Ranks test was chosen over t-test and one-way ANOVA.

Dunn-Bonferroni post hoc test were carried out on each pair of groups to compare between groups with regard to transaction completion. SPSS makes an adjustment to p-value to avoid inflating the possibility of making a type-I error as a result of multiple tests being carried out on the same data. Dunn-Bonferroni post hoc test is proven to be an appropriate procedure following a Kruskal–Wallis test (Dinno 2015).

**Result**

The result of descriptive analysis shows that our data has an unequal number of cases for each ID verification group. Table (1) shows identified verified group represent more than 75% of the total number of cases in the dataset, reporting 5749 cases, followed by identity never verified group with 1203 cases, and identity verified lately group with 638 cases. The identify verified group has scored the highest mean and median while identify never verified group scored the lowest mean and median among the groups.

<table>
<thead>
<tr>
<th>ID verification status</th>
<th>N</th>
<th>Mean</th>
<th>Median</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identity never verified</td>
<td>1203</td>
<td>48.35</td>
<td>26.23</td>
<td>53.22</td>
</tr>
<tr>
<td>identity verified</td>
<td>5749</td>
<td>63.49</td>
<td>42.62</td>
<td>61.04</td>
</tr>
<tr>
<td>Identify verified lately</td>
<td>638</td>
<td>56.95</td>
<td>34.43</td>
<td>57.99</td>
</tr>
<tr>
<td>Total</td>
<td>7590</td>
<td>60.45</td>
<td>39.34</td>
<td>59.82</td>
</tr>
</tbody>
</table>

Table 1. Descriptive analysis of successful transaction completion by Host ID verification

The result of Spearman's rank test Table (2) shows zero relationship between host review score and successful transaction completion (r = 0.058, p < .000). Although the data shows significant relationship between the two variables, the correlation between the variables is very low.

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Successful transaction completion</td>
<td>–</td>
<td>-0.067**</td>
</tr>
<tr>
<td>2. ID verification status</td>
<td>-0.067**</td>
<td>–</td>
</tr>
</tbody>
</table>

Table 2. The Spearman's rank between review score rating and successful transaction completion (N = 6725). **. Correlation is significant at the 0.01 level (2-tailed).

The result of Mann-Whitney U test indicated that the successful transaction completion was greater for hosts who required guest ID verification (mean rank =50.8) than for hosts who didn't require guest ID verification (median= 36.0) *Mann-Whitney U = 2340046, p = 0.000.*

<table>
<thead>
<tr>
<th>Guest ID verification status</th>
<th>Median</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Host doesn't require guest ID verification</td>
<td>36.0</td>
<td>6835</td>
</tr>
<tr>
<td>Host requires guest ID verification</td>
<td>50.8</td>
<td>755</td>
</tr>
<tr>
<td>Total</td>
<td>39.3</td>
<td>7590</td>
</tr>
</tbody>
</table>

Table 3. Group median on successful transaction completion
finding provided evidence that research found from contradictory finding hypotheses (Ha1, Ha2 and Ha3). The result of Spearman’s rank test result on Airbnb data revealed contradictory findings about the relationship between review score and successfully transaction completion from the traditional online marketplace (Chevalier and Mayzlin 2006). Prior empirical studies found a relationship between online product review scores and sales (Chevalier and Mayzlin 2006). However, this research found that the host’s review score has no relationship with sales in Airbnb marketplace. The study finding provided evidence that the review score does not impact successful transaction completion.
Although the relationship was significant ($p < 0.00$), the correlation between the two variables found to be zero relationship ($r = 0$). The p-value was significant in the relationship due to the large sample size used in the statistical analysis. According to Lin et al., “In very large samples, p-values go quickly to zero, and solely relying on p-values can lead the researcher to claim support for results of no practical significance” (Reinstein and Snyder 2005). This study finding revealed that review scores based on reputation mechanisms does not help to establish trust between users in the sharing economy marketplace. Thus, sharing economy-based platforms should use more robust mechanisms to establish trust between their users.

The result provided by Mann-Whitney U and Kruskal-Wallis One-way ANOVA by Ranks shows that bidirectional trust mechanism based on ID verification successfully establishes trust between users in the sharing economy-based marketplace. Mann-Whitney U test provide evidence that hosts are looking for trusted guests, in which guest ID verification can influence the host’s renting decision. Dunn-Bonferroni post hoc test provided evidence that hosts who verified their identity with Airbnb had significant differences on sales than hosts who did not verify their identity. Thus, I conclude that the sharing economy-based marketplace should enforce a more robust trust mechanism to establish trust between its users. In addition, government should work with sharing economy-based marketplace to ensure safety of its citizens.

### Conclusion

The purpose of this study was to examine the impact of review scores and host’s and guest’s ID verification on the successful transaction completion in the context of a sharing economy, specifically in accommodation services. Actual data was collected for all rental types located in Los Angeles and listed in Airbnb between Sep 2015 and Aug 2016. Descriptive analysis was conducted to better visualize the data. Spearman’s rank test was conducted and revealed no relationship between review score and successful transaction completion. The result of Kruskal-Wallis One-way ANOVA by Ranks reported verified hosts have the greatest impact on successful transaction completion followed by the hosts who verified their identity during the study than those who did not verify their identity.

### REFERENCES


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