Why are customers loyal in sharing-economy services? A relational benefits perspective

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Abstract

Purpose – This study aims to provide a taxonomy of relational benefits that drive customer loyalty in sharing-economy services, assess the relative strengths of these relational benefits in influencing customer loyalty and examine whether commitment mediates the influence of relational benefits on customer loyalty in this context.

Design/methodology/approach – Relational benefits of sharing-economy services were explored through a focus group interview, followed by an online survey completed by 440 respondents in China. Structural equation modeling was used to test the hypotheses.

Findings – This study shows that confidence and social benefits have significant and positive effects on commitment in sharing-economy services. In addition, safety benefits, a new type of relational benefits, also significantly affect commitment in this context. Furthermore, the findings suggest that commitment acts as a mediator between confidence, social and safety benefits and customer loyalty. Special treatment benefits had no effect on commitment and loyalty in the sharing-economy context.

Practical implications – This paper provides sharing-economy service providers with insight on how to better create and sustain loyal relationships with customers through the provision of relational benefits.

Originality/value – This study offers initial insight into why customers would stay in peer-to-peer relationships in the sharing economy, and suggests how to strengthen relationships between customers and peer service providers.

Keywords Relationship marketing, Customer loyalty, Commitment, Relationship benefits, Sharing-economy services

Paper type Research paper

Introduction

The "sharing economy" has been the subject of heated discussion in the media. Most of the names of the sharing-economy players are instantly recognizable – such as *Uber* and *Lyft* in transportation; *Airbnb* in lodging; and *LendingClub*, *FundingCircle* and *Prosper* in financial services. Around the world, this new wave of peer-to-peer, access-driven business is shaking up established categories: *Airbnb* averages 425,000 guests per night, totaling more than 155 million guest stays annually – nearly 22 per cent more than *Hilton Worldwide*, which served 127 million guests in 2014. The five-year-old *Uber* operates in more than 250 cities worldwide and as of February 2015, was valued at $41.2bn – a figure that exceeds the market capitalization of companies such as *Delta Air Lines*, *American Airlines* and *United Continental* (PWC, 2015).

It seems that the sharing economy has become a major business, with nearly 20 per cent of US adults having consumed sharing-economy services, and nearly 10 per cent having participated as a provider (PWC, 2015). Resources on peer-to-peer sharing platforms take tangible forms such as cars or clothes, or intangible forms such as human knowledge or labor. The peer-to-peer relationship leads to sharing services having different features from their traditional counterparts. Peer service providers are less often industry specialists, lacking professional training and being less tightly affiliated with the sharing service organizers. The shared services are less often initially

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obtained for business use, and providers may provide these on a temporary and intermittent basis to accommodate their own competing interests, rather than being dedicated full time to the business. So why would customers like to be involved in a peer-to-peer relationship? What drives customers to stay in such relationships? These questions are crucial to forming a better understanding of sharing-economy businesses from customers' perspectives. Although some research studies explore the booming growth and sustainability of the sharing economy from the organizers' and/or peer providers' perspectives (Martin *et al.*, 2015), the answers to these new questions contribute to a more comprehensive view of the underlying mechanisms and will benefit all parties involved in this new and influential business model.

This study attempts to answer these questions from a relational benefits perspective, which explains why a customer would stay with a service provider (Gwinner *et al.*, 1998; Reynolds and Beatty, 1999; Hennig-Thurau *et al.*, 2002). Aligned with the extant studies on relational benefits (Gwinner *et al.*, 1998; Reynolds and Beatty, 1999; Hennig-Thurau *et al.*, 2002), we study relationships at the individual level that is between customers and individual service providers. As "sharing" acts and processes take place between customers and individual service providers, rather than between customers and sharing business platforms (Belk, 2007), our focus is on the individual-level relationship.

The goals of this study are threefold: first, to introduce a taxonomy of relational benefits that drives customer loyalty in sharing-economy services; second, to assess the relative strengths of these benefits in influencing customer loyalty; and finally, to examine whether commitment mediates the influence of relational benefits on customer loyalty in this context. To accomplish these goals, we first conducted a focus group interview to understand the benefits customers experience in their peer-to-peer relationship. Thereafter, we conducted a survey to examine customers' perceived benefits of and commitment and loyalty to popular sharing services in China.

This study contributes to relationship marketing in the following ways. First, it offers insights into relational benefits in peer-to-peer relationships in the sharing economy. Second, it explains the relative strength of each benefit on commitment and loyalty in this context. For peer service providers, an understanding of the relationship from the customers' perspective is useful when developing relationship marketing strategies that effectively improve the business. Although the sharing economy is gaining increasing attention, the previous research has predominantly focused on the technology of sharing platforms, while ignoring the relationships among exchange parties (Matzner *et al.*, 2015). The key relational benefits revealed by this study can help service providers design and run sharing-economy services in a way that is more attractive and favored by customers, which is important to the sustainability of the sharing economy.

The rest of the paper is organized as follows. After reviewing relevant literature, we provide the conceptual model along with hypotheses. We then describe the research methods and present our findings. The paper ends with a discussion on the findings, theoretical contributions, managerial implications and limitations together with suggestions for further research.

Peer-to-peer relationships in the sharing economy

The "sharing economy" is defined 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). Peers in the sharing economy are people who directly transact with the service, bypassing the traditional economy (Botsman and Rogers, 2010). In the sharing-economy service context, service providers are using their privately owned goods or resources via peer-to-peer business platforms to serve their customers. For example, *Uber* car services allow consumers to request a trip routed to *Uber* drivers available who use private cars to offer the service. As sharing evolves, interpersonal boundaries "posed by materialism and possession attachment" are dissolved (Belk, 2010, p. 715). For example, some *Uber* and *Lyft* drivers participate in sharing-economy businesses to elicit additional value from cars; these drivers do not initially intend to run a business but participate only "for the sake of shared enjoyment of whatever it is that is being shared" (Widlok, 2004). This extends the driver's boundary that separates the self and others. From the perspective of customers who participate in the sharing economy, the peer service providers may also become included "within the aggregate extended self" and treated as "quasi family members" (Belk, 2010). This is significantly different from traditional services such as taxi services where there are clear interpersonal boundaries separating drivers and customers.

Although some studies have investigated reasons for individuals participating in sharing services, few have studied why peer customers stay in a relationship with a peer service provider. For example, Lamberton and Rose (2012) identify the main drivers of customers' choice of a commercial sharing system, rather than at the individual level investigate customers' reasons for repurchasing a service from a sharing service provider. Moreover, most of the studies with a focus on peer-to-peer sharing are conceptual (Belk, 2010, 2014; Matzner *et al.*, 2015) or attempt to understand consumers' engagement in specific forms of sharing (Albinsson and Perera, 2012; Bardhi and Eckhardt, 2012). For instance, Bardhi and Eckhardt (2012) examine the most important motives (i.e. self-interest and perceived utility) for car sharing. So far, there is a lack of studies investigating what drives and makes peer customers stay in relationships with peer service providers. Such knowledge would help sharing-economy businesses in conducting marketing activities more effectively (Sheth *et al.*, 2011).

Relational benefits

In relationship marketing, a relational benefit perspective has been used to explain why customers stay in a relationship (Gwinner *et al.* 1998; Hennig-Thurau *et al.*, 2002). Peer service providers and peer customers develop relationships as a result of repeatedly sharing the services. Thus, in this study, we adopt a relational benefits approach in relationship marketing as the theoretical framework to explain the mechanisms of customer loyalty in the sharing economy. Within the relationship marketing literature, the relational benefits approach is one of the major theoretical frameworks that explain why customers become involved in a relationship of exchange and maintain the relationship for a long term (Palmatier *et al.*, 2006; Kinard and Capella, 2006).

Gwinner *et al.* (1998) propose that customers in transaction relationships with service firms experience three primary types of benefits: confidence benefits (Bitner, 1995; Morgan and Hunt, 1994), special treatment benefits (Peterson, 1995; Crosby, 1991) and social benefits (Berry, 1995; Price and Arnould, 1999). These benefits will be further discussed in the following section. This study extends Gwinner *et al.*'s (1998) conceptual model by re-investigating relational benefits in the sharing-economy context and empirically testing their relationships with commitment and loyalty.

The mediation role of commitment

In relationship marketing research, commitment has been defined as a customer's long-term orientation toward a business relationship that is grounded on emotional bonds (Geyskens *et al.*, 1996). This definition emphasizes that commitment exists only when the relationship is considered important (Moorman *et al.*, 1993; Morgan and Hunt, 1994).

In services marketing, relationships between customers and service providers are built on the foundation of mutual commitment (Berry and Parasuraman, 1991). Commitment can be characterized as a positive attitude toward the provider (Newman and Werbel, 1973). Because commitment not only reflects customers' current attitudes but also provides an indication of where the relationship is going, it is central for marketers (Assael, 1987; Morgan and Hunt, 1994).

We argue that in peer-to-peer relationships, customers may be attracted by and enjoy personal interactions with peer service providers, which leads to commitment, i.e. a wish to maintain the relationship, which, in turn, leads to loyalty (conceptualized as word-of-mouth behavior and re-purchases). Therefore, commitment should play a non-negligible role in the relationship between relational benefits and customers' loyalty in sharing-economy services. Moreover, the mediating role of commitment may be different for different types of relational benefits, which is elaborated upon next.

Confidence benefits

Confidence benefits are described as "feelings of reduced anxiety, trust, and confidence in the provider" (Gwinner *et al.*, 1998), which points to the customers' needs for confidence in core services and relationship stability (Patterson and Smith, 2001). There have been ample empirical evidence supporting the notion that confidence benefits have a positive impact on commitment (Anderson and Narus, 1990; Andaleeb, 1996; Hennig-Thurau *et al.*, 2002). This study argues that the same will hold true for interactions between customers and service providers in sharing-economy contexts.

In addition, customers in sharing-economy services participate in the services based on peer-to-peer interpersonal relationships and thus might be anxious about the quality of services (Belk, 2014). Higher levels of confidence in the interaction between customers and sharing-economy service providers will result in customers' lower anxiety concerning the services and more confidence in the service provider's ability to deliver the services, thus leading to a wish to continue the relationship (commitment), and loyalty. Thus, we hypothesize commitment as a partial mediator between confidence benefits and customer loyalty in sharing-economy service:

H1. In the sharing economy, (*H1a*) confidence benefits positively affect customers' commitment to service providers, and (*H1b*) commitment partially mediates the relationship between confidence benefits and customer loyalty.

Special treatment benefits

Special treatment benefits take the form of relational customers receiving faster services, monetary savings or customized additional services, which are the most tangible relational benefits (Fornell, 1992; Guiltinan, 1989). Relational customers usually expect to receive special treatment from their relationships with the service provider (Patterson and Smith, 2001). Thus, special treatment benefits are widely provided as part of relationship marketing programs (e.g. "Miles & More" for Lufthansa) (Morgan *et al.*, 2000).

Although Gwinner *et al.* (1998) find positive correlations between special treatment benefits and customer loyalty, some researchers have suggested a weak or insignificant relationship between special treatment benefits and expected positive outcomes of relationship marketing (such as commitment and loyalty). For example, Hennig-Thurau *et al.* (2002) find insignificant relationships between special treatment benefits and customer satisfaction, as well as customer loyalty. Kinard and Capella (2006) show that offering special treatment benefits fails to affect relational response behaviors significantly. Molina *et al.* (2007) provide evidence that special treatment benefits are not important, even if such benefits are present in the retail banking industry. One argument is that special treatment benefits are extrinsic rewards. They are likely to lead to a temporary state of customer loyalty, but cannot contribute to the long-term relationships between customers and service providers. Such an insignificant effect of extrinsic rewards is referred to as "the hidden costs of rewards" (Frey, 1997).

Moreover, in the sharing economy, many providers customize the service according to the personal need of the customers (Luchs *et al.*, 2011). *Airbnb*'s hosts offer customized services to customers such as bikes, movie nights and home-cooked meals, compared to that of traditional services. This suggests that sharing-economy services are already special in nature, so special treatments would not be so "special" or rare as they are in traditional business contexts. As customers do not gain additional special treatment benefits, they have a weak impact on both commitment and customer loyalty. Thus, we propose that:

H2. In the sharing economy, special treatment benefits have no significant effects on either commitment or customer loyalty.

Mediation on the effect of social benefits

Because interactions between customers and service providers are central to customers' perceived relationship quality in services, social benefits have been considered important for the relationship between customers and service providers (Dagger *et al.*, 2011). Gwinner *et al.* (1998) identify social

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benefits and refer to them as the benefits customers perceive from the emotional part of relationships (i.e. personal recognition, familiarity and friendships), rather than the outcome of transactions (Gwinner *et al.*, 1998).

In the context of sharing-economy services, customers interact with service providers directly and eventually establish social connections beyond economic exchanges. Such service experience assists in mutual understanding, motivating the customers to maintain the relationships and remain committed to the service providers (Schor, 2014). One apparent aspect of the sharing economy is that participants may start and maintain social relationships beyond business purposes. For example, after an *Uber* ride, the driver and the passenger may become friends and enjoy the social benefits without being loyal to the *Uber* business. This indicates that social benefits may have no direct impact on customer loyalty in sharing-economy businesses.

Researchers in relationship marketing have suggested a positive relationship between social benefits and customer commitment (Goodwin, 1996; Goodwin and Gremler, 1996; Hennig-Thurau *et al.*, 2002). Social benefits from established service relationships enhance customers' social bonds with the service provider and improve service experience (Bitner, 1995). Social bonds between customers and service providers increase customer dependence on the service provider and lead customers to greater commitment to the organization (Berry, 1995; Goodwin and Gremler, 1996; Dagger *et al.*, 2011). Thus, as the social relationship between a customer and a service provider in the sharing-economy context strengthens, the customer's commitment to the service provider will increase.

Based on the above, we propose that:

H3. In the sharing economy, (*H3a*) social benefits positively affect customers' commitment to service providers, and (*H3b*) commitment fully mediates the relationship between social benefits and customer loyalty.

Safety benefits and commitment

In this study, we propose a new type of relational benefits in sharing-economy services – safety benefits, which are defined as the feeling of security that a customer obtains from the long-term relationship with an individual service provider. These benefits arose from the pilot study presented later. The safety benefits refer to the relief from worry over possible criminal incidents or personal injuries, but not from the provider's competence and skills of service delivery. Many sharing-economy business models do raise legitimate concerns about user safety, privacy and access. According to a transatlantic survey on consumers in the UK and USA, safety has been a major bottleneck for sharing-economy models (Nair, 2016). Individuals rent things they own such as a car or a room to people using mobile apps and even payment is made through an application. Unlike the traditional hotels and taxi companies that are regulated and supervised (Neff and Writer, 2015), sharing players are usually unregistered (Peltz, 2015). Now several big names in sharing-economy business such as *Uber* are facing bans for safety concerns in several countries (Picchi, 2014).

This study describes safety benefits as the perceived feelings of security that customers obtain from the service provider, which emphasize customers' psychological relief from being worried about crime issues such as threat of danger, harm or loss. To the best of our knowledge, at present, no published research in relationship marketing has discussed the relationship between safety benefits and commitment. However, a few studies have shown that safety, credibility and security increase the trust for the supplier in the business-to-business (B2B) marketing context and thereby support and encourage commitment (Leung *et al.*, 2005). Some other recent business-to-customer (B2C) research has discussed patients' safety expectations in health-care service (Engström and Elg, 2015) or poor consumers' safety expectations in financial services transactions (Estelami, 2009).

Ensuring customer safety against potential threats brought by service providers or by sharing peers (such as car-pooling strangers or housemates) would be of critical importance, and security is considered to be one of the basic human needs. Higher safety benefits would be a fundamental driver of customers' repurchasing the sharing-economy service.

This study argues that safety benefits are positively related to commitment in the sharing-economy services context. When a customer has experienced some successful transactions without crime issues with the same peer provider, he/she gradually understands that the service provider can consistently fulfill the customer needs and wants, and starts to sense that the service provides safety benefits. Thus, as the customer's perceived safety benefits increase, his/her commitment toward the service provider increases. The underlying rationale for this argument is that safety contributes to the reduction of psychological costs of the customer (Grönroos, 1997). With less cognitive effort needed to worry about whether the service provider will introduce risks to personal safety or exposure to crime, the more the customer feels assured and committed. Thus, this study proposes that:

H4. In the sharing economy, (*H4a*) safety benefits positively affect customers' commitment to service providers, and (*H4b*) commitment partially mediates the relationship between safety benefits and customer loyalty.

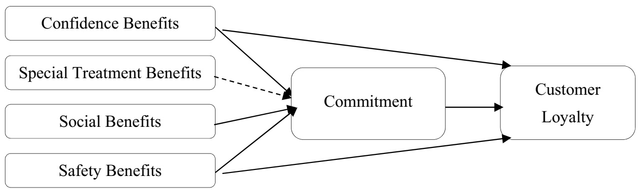
To summarize, the conceptual model of the study proposes:
- of the relational benefits in extant literature, confidence benefits and social benefits drive customers to maintain relationships with sharing-economy services providers partially or fully through commitment;
- special treatment benefits do not have significant effects on either commitment or customer loyalty; and
- safety benefits, as a new type of relational benefits in the sharing economy, influence customer loyalty partially through commitment.

Figure 1 illustrates the conceptual model of the study.

Methodology

Our study consists of two steps. As the first step, we used a focus group interview to explore relational benefits in sharing-economy services. As the second step, we conducted a

Figure 1 Conceptual model



survey to evaluate the effect of relational benefits on commitment and loyalty. This is the typical data collection process for studies on relational benefits (Gwinner *et al.*, 1998; Koritos *et al.*, 2013).

Focus group interviews

We started the study by conducting a focus group interview for two reasons. First, focus group interviews are increasingly used when developing theories, as they provide valuable understanding of consumer behavior (Belk *et al.*, 1988; Gremler, 1994) and customer perspective on relationships between customers and service providers (Babbie, 1989; Hudson and Ozanne, 1988). From the focus group interviews, we obtained a comprehensive view of customers' perceived relational benefits from their peer-to-peer transactions. Because consumer behavior in sharing-economy services has been scantly examined, focus group interviews can help discover some concepts or mechanisms not addressed in previous research.

We recruited six participants (three females, three males) aged between 20 and 49 years with different occupational backgrounds (e.g. full-time student, project manager, software engineer) for the focus group to express their thoughts on the additional benefits from a specific relationship that they experienced in sharing-economy services.

Following Lincoln and Guba (1985), we sorted units into provisional categories of the basis of "look-alike" characteristics. Particularly, key phrases were highlighted to reveal recurring thoughts and ideas participants expressed about benefits that they obtained from the relationships. Four types of relational benefits emerged from the categorization: confidence benefits, special treatment benefits, social benefits and safety benefits. The first three types of benefits were in line with previous studies (Gwinner *et al.*, 1998). Appendix 1 shows a sampling of the comments from participants in the focus group.

Safety benefits are a new type of relational benefits not reported before. Respondents described these benefits as bringing a feeling of security or safety, which prevent participants from worrying about crime issues. For example, a woman explained that:

> Sometimes people may feel unsafe when carpooling with strangers. From time to time we heard of terrible crimes happening in carpooling services. Safety is a serious concern for people using such services. But I feel very comfortable with the driver. I have used his Dida[1] service several times. Sometimes we chat about our lives on the way. He is a good person. Definitely there's no need to worry about horrible crimes would happen in his car.

Safety concerns do exist in the exchange of sharing-economy services. Customers will have a feeling of safety with a service provider once they have built certain relationships. The safety feeling is an obvious benefit that customers can gain from an established relationship with a peer service provider. Besides leading to positive attitudes toward peer providers, safety benefits can strongly influence customers' repurchases in the sharing economy.

The respondents reported that they cared about safety benefits in sharing economy, because peer service providers make services available temporarily and they are not officially affiliated with any firm. In contrary, in traditional services, providers are officially affiliated to a service firm that could offer guaranteed safeguards. All the reasons stated by the focus group participants are consistent with the extant news reports about safety issues in sharing services (Picchi, 2014; Neff and Writer, 2015; Peltz, 2015; Nair, 2016).

The focus group interviews examined the existence and dimensionality of relational benefits that customers could receive from an established relationship with a sharing-economy service provider. The focus group, as well as previous literature on relational benefits (Gwinner *et al.*, 1998), led us to expect that the four types of relational benefits may be important for maintaining customer loyalty in sharing-economy services. For instance, we expect that a customer who receives safety benefits from a sharing-economy service provider is likely to patronize the service provider in the future. Therefore, to test the relationships between the four types of relational benefits, commitment and customer loyalty, we conducted a survey.

Survey design and data collection

Because previous literature suggests that an online survey can yield comparable results with those from traditional offline surveys (Deutskens *et al.*, 2006) and that most sharing-economy transactions occur online, we distributed the questionnaires online. A large market research agency in China helped us collect the survey data, using stratified random sampling based on geographical location[2]. The market research agency has a by-invitation-only database with more than 2.5 million customers. It randomly selected 4,000 customer samples from the four first-tier cities in China (e.g. Shanghai, Beijing, Guangzhou and Shenzhen) and distributed an online questionnaire to them with a target of 400 valid responses. We finally received 440 valid responses with identification of some established relationship with an individual service provider of sharing-economy services. We compared the 440 respondents with the other 3,560 un-responded or invalid samples, and did not find bias on all demographic indexes (all $ps > 0.1$). Because of the forced response nature, the online questionnaires had no missing data.

According to the literature on relational benefits (Gwinner *et al.*, 1998; Reynolds and Beatty, 1999; Hennig-Thurau *et al.*, 2002; Yen and Gwinner, 2003), we screened the respondents according to their relationships with the individual service providers rather than those with any sharing-economy platforms such as *Airbnb* and *Uber*. We kept only those respondents who were able to identify some established relationship with any one individual service provider in sharing-economy services. At the beginning of the survey, respondents were asked to think about individual service providers in sharing-economy services they patronized and to select one with whom they had established a relationship. This is a screening question widely used in previous studies on relational benefits (Yen and Gwinner, 2003). The qualified respondents then answered questions regarding the benefits they obtained from the relationships with the specified service providers.

The measures of confidence benefits, special treatment benefits, social benefits, commitment and loyalty are borrowed from previous studies (Morgan and Hunt, 1994; Zeithaml *et al.*, 1996; Geyskens *et al.*, 1996; Gwinner *et al.*, 1998). The measures of safety benefits, the new relational benefit type that we proposed in the context of the sharing economy, were developed based on relevant literature and our focus group results. Three experts examined the measurement items for safety benefits' face validity, as well as the item framing and phrasing. After that, the authors conducted sorting sessions with the three judges to assess the conceptual validity of the measurements of safety benefits, which resulted in minor modifications of the item wording. The constructs and their measurements can be found in Appendix 2. All these items were rated on six-point Likert scales (1 = strongly disagree, 6 = strongly agree).

The questionnaire was originally developed in Chinese. To assure the linguistic equivalence, we used back-translation. The final sample consists of 440 valid cases, of which 186 were males (42.3 per cent). In terms of age, 26.8 per cent were aged 18-24 years, 23.7 per cent were 25-34 years, 26.4 per cent were 35-44 years and 23.0 per cent were 45-60 years. Most respondents had a bachelor's degree (48.6 per cent), high school certificate (29.8 per cent), graduate certificate (15.5 per cent) and middle school certificate (6.1 per cent).

Preliminary analysis and measurement models

We first assessed measurement scales for all constructs before testing the hypotheses (Anderson and Gerbing, 1988). Because the scale of safety benefits is newly developed, an exploratory factor analysis (EFA) was performed on the four relational benefits. Hair *et al.* (2010) suggest that items should be excluded from the analysis if their loading is less than 0.5 on a factor or larger than 0.4 on two factors. Thus, one item[3] for confidence benefits was removed owing to its low factor loading. The remaining items explain 65.15 per cent of the total variance. The results of the EFA can be found in Appendix 2. The factors correspond to the four types of relational benefits captured by our questionnaires. In addition, we conducted an EFA only for confidence benefits and safety benefits. The items of confidence benefits and those of safety benefits all have loading scores higher than 0.5. In this EFA, the two factors can explain 59.32 per cent of the total variance. These results support that the newly developed measurement of safety benefits is distinct from the existing and widely used scale of confidence benefits.

Next, we examined the overall confirmatory factor analysis model. The results show acceptable fit [$\chi^2(258) = 592.99$, $\chi^2/\mathrm{df} = 2.30$, $p < 0.001$, goodness-of-fit index (GFI) = 0.90, normed fit index (NFI) = 0.93, confirmatory fit index (CFI) = 0.97, Tucker–Lewis index (TLI) = 0.96, root mean square error of approximation (RMSEA) = 0.05].

The standardized factor loadings for each item and the Cronbach's alpha scores and the composite reliability (CR) for each construct are reported in Appendix 3. The standardized factor loadings are all greater than the cutoff of 0.50 (Hair *et al.*, 2010). The Cronbach's alpha and composite reliabilities computed for the four factors are all greater than the threshold value of 0.7 (MacKenzie *et al.*, 2011). These findings lend support for adequate reliability and convergent validity levels of each construct.

We then assessed discriminant validity by comparing the square-root of the average variance extracted (AVE) estimates for each construct against its correlations with other constructs (MacKenzie *et al.*, 2011). The results in Table I show that AVE values are greater than 0.50 and the square roots of AVE are greater than the correlation coefficient of respective paired constructs, satisfying the discriminant validity requirement (Bagozzi and Yi, 1988).

The Harman's single-factor test (Podsakoff and Organ, 1986; Jarvis *et al.*, 2003; Podsakoff *et al.*, 2003) was performed to test for common method bias (CMB). According to Podsakoff *et al.* (2003), significant CMB exists if a single factor emerges because of the EFA, or one factor accounts for the majority of the covariance of the variables in an unrotated factor analysis. The results of the unrotated principal component factor analysis show that there are six factors with eigenvalues greater than 1 and the first factor accounts for 32.02 per cent of the total variance, implying the lack of significant CMB.

Data analysis and results

We used structural equation modeling (SEM) analysis in AMOS to examine the relationships between customer relational benefits, commitment and customer loyalty. The results are shown in Table II. First, this study tested the hypothesized model of only direct effects of customer

Table I Mean, AVE and correlations

Constructs	Mean	SD	1	2	3	4	5	6
Confidence benefits	4.72	0.71	0.60 (0.77)					
Special treatment benefits	3.24	1.19	0.47**	0.66 (0.81)				
Social benefits	4.01	1.11	0.31**	0.70**	0.67 (0.82)			
Safety benefits	4.06	0.84	0.49**	0.50**	0.37**	0.57 (0.75)		
Commitment	3.96	0.98	0.46**	0.58**	0.55**	0.56**	0.74 (0.86)	
Customer loyalty	4.60	0.70	0.63**	0.45**	0.35**	0.59**	0.54**	0.58 (0.76)

Notes: The diagonal elements are AVE values of the respective construct and the square roots are in parenthesis; **significant at $\alpha = 0.01$ level (two-tailed); all correlations are significantly less than 1.00; $n = 440$

Table II Results for direct relationships and mediation effects

Relationships	Indirect effects			Direct and indirect effects			Final model		
	β	S.E	t	β	S.E	t	β	S.E	t
Confidence benefits→ Commitment	0.31	0.08	4.10^{***}	0.25	0.08	3.27^{**}	0.25	0.08	3.27^{**}
Special treatment benefits → Commitment	0.02	0.08	0.22^{ns}	0.03	0.08	0.34^{ns}	0.03	0.08	0.37^{ns}
Social benefits→ Commitment	0.29	0.06	1.15^{***}	0.31	0.06	5.16^{***}	0.31	0.06	5.16^{***}
Safety benefits→ Commitment	0.43	0.06	6.82^{***}	0.42	0.07	6.36^{***}	0.42	0.07	6.40^{***}
Commitment→ Loyalty	0.54	0.05	11.81^{***}	0.14	0.05	2.76^{**}	0.13	0.05	2.90^{**}
Confidence benefits→ Loyalty				0.53	0.07	7.53^{***}	0.51	0.07	7.56^{***}
Special treatment benefits→ Loyalty				−0.07	0.07	-1.07^{ns}			
Social benefits→ Loyalty				0.02	0.05	0.37^{ns}			
Safety benefits→ Loyalty				0.31	0.06	5.30^{***}	0.29	0.05	5.344^{***}
Goodness-of-fit indices	$\chi^2(262) = 737.76$ ($p < 0.001$), χ^2/df = 2.82, GFI = 0.88, NFI = 0.91, TLI = 0.93, CFI = 0.94, RMSEA = 0.06			$\chi^2(258) = 592.99$ ($p < 0.001$), χ^2/df = 2.30, GFI = 0.90, NFI = 0.93, TLI = 0.95, CFI = 0.96, RMSEA = 0.05			$\chi^2(260) = 594.52$ ($p < 0.001$), χ^2/df = 2.29, GFI = 0.90, NFI = 0.93, TLI = 0.95, CFI = 0.96, RMSEA = 0.05		

Notes: Significant at $^{***}p< 0.001$, $^{**}p< 0.01$, $^{*}p< 0.05$ (two-tailed test), ns = Not significant

relational benefits on commitment. The structural model shows acceptable model fit [$\chi^2(262) = 737.76$, χ^2/df = 2.82, $p < 0.001$, GFI = 0.88, NFI = 0.91, TLI = 0.93, CFI = 0.94, RMSEA = 0.06]. The results suggest that the effects of customer relational benefits on commitment are positive and significant, except for the effects of special treatment benefits on commitment.

Second, this study tested the mediating effects of commitment on the relationships between customer relational benefits and customer loyalty. To achieve this, this study used a nested model approach that contained both direct effects of customer relational benefits on customer loyalty and indirect effects through commitment. The nested model containing both the direct and indirect effects show acceptable model fit [$\chi^2(258)$ =592.99, χ^2/df = 2.30, $p < 0.001$, GFI = 0.90, NFI = 0.93, TLI = 0.95, CFI = 0.96, RMSEA = 0.05]. The results in Table II reveal that the two direct paths (special treatment benefits → customer loyalty and social benefits → customer loyalty) are insignificant.

Finally, this study simplified the nested model by removing the two insignificant direct effects described above to achieve a more parsimonious model. The final model shows acceptable model fit [$\chi^2(260) = 594.52$, χ^2/df = 2.29, $p <$ 0.001, GFI = 0.90, NFI = 0.93, TLI = 0.95, CFI = 0.96, RMSEA = 0.05]. Table II reports the results of these three models.

H1a, *H3a* and *H4a* test the effect of relational benefits on commitment. In support of *H1a*, the results show that confidence benefits are positively related to commitment (β = 0.25, t = 3.27). Social benefits are positively and significantly related to commitment (β = 0.31, t = 5.16), supporting *H3a*. The new benefits in the context of sharing-economy services, safety benefits, are positively and significantly related to commitment (β = 0.42, t = 6.40), and thus, *H4a* is supported. Moreover, special treatment benefits are not significantly related to commitment (β = 0.03, t = 0.37) or customer loyalty (β = −0.07, t = −1.07). Thus, *H2* is supported.

H1b, *H3b* and *H4b* test the mediating role of commitment on the relationships between relational benefits and customer loyalty. *H3b* is supported since commitment fully mediates the relationships between social benefits and customer loyalty. *H1b* and *H4b* are supported, as commitment partially mediates the effects of confidence benefits and safety benefits on customer loyalty[4]. The summary of the findings is in Table III.

Table III Summary of the hypotheses

Hypothesis	Independent variable	Dependent variable	Expected effect	Result
(a) H1a, H2, H3a, H4a				
H1a	Confidence benefits	Commitment	Positive	Supported
H2	Special treatment benefits	Commitment	Insignificant	Supported
H3a	Social benefits	Commitment	Positive	Supported
H4a	Safety benefits	Commitment	Positive	Supported
(b) H1b, H3b, H4b				
Hypothesis	Independent variable	Dependent variable	Hypothesized mediator	Result
H1b	Confidence benefits	Loyalty	Commitment (partially)	Supported
H3b	Social benefits	Loyalty	Commitment (fully)	Supported
H4b	Safety benefits	Loyalty	Commitment (partially)	Supported

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Discussion

Research findings

Sharing, as a form of consumption, has become an increasingly important topic in both academic research and business practice (Albinsson and Perera, 2012; Belk, 2007, 2010, 2014; Lamberton and Rose, 2012; Ozanne and Ballantine, 2010). During the past decade, we have seen a number of sharing consumption models in which consumers get access to goods or services through peer-to-peer sharing (Belk, 2010; Botsman and Rogers, 2010; Giesler, 2006).

However, the reasons for the success of the sharing economy have been seldom discussed. This study focuses on the positive outcomes that customers gain from maintaining relationships with sharing-economy peer service providers, i.e. the relational benefits (Gwinner *et al.*, 1998). Consistent with previous research (Gwinner *et al.*, 1998; Bitner, 1995; Berry, 1995; Price and Arnould, 1999), our findings show that customers' perceived confidence and social benefits also exist in the sharing-economy context.

Moreover, safety benefits, a new type of relational benefits discovered in sharing-economy services, have very strong effects on commitment directly and on customer loyalty indirectly. As mentioned in quite a few news reports (Picchi, 2014; Neff and Writer, 2015; Peltz, 2015; Nair, 2016) and as found in our focus group, service providers in the sharing economy are usually administered by an online platform, and lack the endorsement of a tangible organization. Customers may consider them less legitimate than service providers in a "real" service company such as a brick-and-mortar hotel or a well-known taxi brand. The prevalence of allegations has been enough to shape public attitude toward the sharing economy to feel that it is still a fledging field, and until the safety issues are overcome, sharing-economy services will not be commercially viable.

Interestingly, this study does not find significant effects, either direct one or the indirect one passing through commitment, from special treatment benefits to customer loyalty. While it is commonly accepted that special treatment benefits from the service provider lead to customer loyalty (Yen and Gwinner, 2003), the unique characteristics of the sharing-economy context weaken this relationship, perhaps because the peer service providers usually customize the services according to customers' personal needs. Customers in the sharing economy might not perceive special treatments to be as "special" as in traditional services. In fact, special benefits scored the lowest among average scores of relational benefits indicated by survey participants. This is in contrast to traditional services setting in which customers usually perceive high special treatment benefits from service providers with whom they have a long-term relationship (Chen and Hu, 2010).

Furthermore, this study indicates that commitment acts as the mediating mechanism, through which relational benefits operate with respect to their effects on customer loyalty. Specifically, commitment fully mediates the relationship between social benefits and customer loyalty, and partially mediates the effects of confidence benefits and safety benefits on customer loyalty. Thus, the mediating role of commitment varies across different types of relational benefits. Given the peer-to-peer relationships within the sharing economy, commitment to the relationships between customers and peer service providers could be more vital to customers emotionally (such as social benefits) than rationally (such as confidence benefits and safety benefits).

Theoretical implications

This paper has several theoretical contributions. First, this study takes the initial step to address the important issue of relational benefits in the context of sharing-economy services. This study attempts to enrich the understanding of the sharing economy by examining the outcomes (benefits) customers can achieve by developing and maintaining the long-term relationships with service providers. Moreover, this is the first study to use the relational benefits approach (Gwinner *et al.*, 1998) as the theoretical framework in the sharing economy with its peer-to-peer interactions (Hamari *et al.*, 2016; Puschmann and Alt, 2016). Thereby, this study contributes to the literature of relational benefits (Gwinner *et al.*, 1998), extending this framework to the new context of sharing-economy services.

Second, this study contributes to the literature on the sharing economy. While there are already some studies exploring the booming growth and sustainability of the sharing economy, the antecedents that drive customers commit to the peer service providers and maintain the peer relationships remain largely unknown. To this end, we make a timely and critical contribution. More specifically, this study identifies a new type of relational benefits, safety benefits, stemming from the relationships between customers and service providers in the context of sharing-economy services. This finding is important, as this type of relational benefits has not yet been addressed within the literature on traditional services, but has already caught much attention in the business world.

Different from confidence benefits, which relate to the provider's competence and skills of service delivery, the safety benefits stem from not having to worry about possible negative, even criminal, incidents or personal injuries. Safety was a concern not only for the participants in our focus group, but also a major bottle neck for the development of the sharing-economy businesses in general (Nair, 2016), as the safety concerns now widely exist in sharing-economy businesses (Picchi, 2014; Peltz, 2015). The finding of the safety benefits in sharing-economy offers better understanding of the relationship marketing in the sharing-economy businesses and new practical opportunities to the peer service providers to improve their services.

Furthermore, existing literature in relationship marketing suggests that customers primarily seek confidence benefits from service exchanges (Gwinner *et al.*, 1998; Dagger *et al.*, 2011). Our results suggest that in peer-to-peer sharing services, social benefits and safety benefits have stronger influences than confidence benefits on customer commitment. In all likelihood, this is because social benefits and safety benefits from peer service providers can enhance customers' emotional bonds with and dependence on the service providers, which plays an important role in maintaining the peer-to-peer relationships in the sharing economy. This study also contributes to the literature on relational benefits by finding special treatment benefits to be insignificant for sharing-economy services. These inconsistent findings, in comparison to previous studies (Peterson, 1995; Crosby, 1991), also reflect the characteristics of the sharing-economy services, where customization and special treatment are normal, and may relate to social factors rather than special prices or giving priority to certain customers.

Third, the test of the mediating role of commitment in the relationship between relational benefits and customer loyalty provides a direct extension of the literature. Our findings suggest that customers' commitment to service providers in the sharing economy plays a prominent role in maintaining the peer-to-peer relationships. Although commitment plays a critical role in relationship marketing (Palmatier *et al.*, 2006), we are the first to study whether this situation holds true in the context of the sharing economy.

Consistent with prior studies on relational benefits in traditional services (Dwyer *et al.*, 1987; Hennig-Thurau *et al.*, 2002), our study also shows that commitment is positively associated with customer loyalty in sharing-economy services. Our results show that customers' commitment to service providers is driven by a somewhat different mix of relational benefits in the sharing economy, and to enhance customers' commitment, peer service providers must focus on providing confidence benefits, social benefits and safety benefits. Specifically, peer service providers must ensure that customers do not worry about crime issues such as threat of danger, harm or loss in the service relationship. This is particularly important, as safety benefits have the largest effect on commitment. To this end, service providers should ensure that they do everything they can to improve safety benefits that customers receive. The findings add to the growing evidence of the important role of commitment in understanding customer behaviors.

Managerial implications

In line with the findings, relational benefits derived from peer-to-peer relationships are crucial for customers' future purchases of sharing-economy services. To this end, service providers should stress confidence benefits, social benefits and safety benefits when positioning their services to customers. Our findings suggest that these types of relational benefits are most important in enhancing customer loyalty toward service providers.

Several similarities can be identified in the benefits derived from sharing-economy services and traditional services. First, like traditional service providers, practitioners in the sharing economy should instill feelings of confidence, such as showing customers that their service providers are nationally licensed. They can also instill confidence by designing reliable reputation systems, through which customers and service providers rate each other after completing each service transaction as done on *eBay*. For instance, San Francisco ride sharers rate each other online to build trust. Companies like *TrustCloud* offer reputational ratings that can be used in sharing-economy businesses (Sacks, 2011). As such, service firms in both the sharing economy and in traditional services should consider the provision of confidence benefits as an important tactic in a relationship marketing program.

The second similarity identified within relational benefits between sharing-economy services and traditional services is social benefits. Consistent with traditional services, practitioners in sharing-economy services should emphasize that customer relationships with service providers can develop to friendships. For example, *Dida*, a carpooling business in China, has announced its impending launch of a new technology, *Dida Feel It* in April 2016. When a customer clicks *Dida Feel It* to request a carpool, the *Dida* system will match the customers with the *Dida* driver toward whom the customer has the best feeling according to the database of the *Dida Feel It* service. The launch of *Dida Feel It* provides evidence that customers are willing to develop social relationships with service providers in sharing-economy businesses, underlining the importance of social benefits that customers receive in the sharing economy.

The most important difference between new and traditional services is the need to provide safety benefits. Given the peer-to-peer nature of sharing-economy services, practitioners in the sharing economy should consider factors of their delivery system and/or the services offered that may instill greater safety benefits and reduce customers' fears that those serving them may be dangerous. For example, up-to-date security features on the service organizer's application may serve to increase safety benefits. Databases can be developed to show customers detailed information about service providers (e.g. identity verification or background check). Besides, online databases of shared photos and videos from participants can be leveraged to build feelings of safety and certainty within sharing-economy transactions between strangers (Solove, 2007; Masum and Tovey, 2011).

Second, we find that special treatment benefits have no significant effect in the development of the long-term relationship between customers and peer service providers in the sharing economy. Practitioners in traditional services widely provide special treatment benefits as a part of their relationship marketing programs (Morgan *et al.*, 2000). Regardless, some researchers claim these have an insignificant effect (Hennig-Thurau *et al.*, 2002). The lack of importance of special treatment benefits in this study shows that businesses in the sharing economy that apply special treatment benefits to maintain current customers, or to attract new customers, may find this strategy unsuccessful in the long run. Visitors who are attracted by special treatment benefits may not remain loyal to the service providers in their buying behaviors. Therefore, sharing-economy service providers should focus on the added confidence benefits, social benefits and safety benefits in promotional communications directed toward their customers.

Limitations and future research

From a theoretical perspective, the framework of this study is restricted to the relationship between relational benefits, commitment and customer loyalty, without consideration for other antecedents or consequences of relational benefits in the sharing-economy context. An interesting question is the role of the platforms (e.g. *Airbnb*, *Uber*) in the creation of relationship benefits, as they are important as intermediaries connecting customers and individual service providers. Before

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a customer develops an established relationship with a particular (peer) service provider who can satisfy his/her needs, he/she is most likely to select a trusted platform. The platforms are the places where most of the long-term relationships between customers and individual service providers originate. However, customers may be less likely to develop any relationships with the platforms. This is true not only for the platforms in the sharing economy but also for the platforms in traditional services (e.g. *Booking.com*, *Expedia*, *Agoda*). The platforms are information providers rather than core service providers, and often lack person-to-person interaction, inhibiting the development of relationships (as discussed in relational benefits studies) within these platforms. This could be the reason why the extant research on relational benefits does not focus on the exchange relationship within such platforms. For the same reasons, our study focuses on the relationship between customers and the individual service providers, but not on the relationship between customers and platforms (e.g. *Airbnb*, *Uber*).

The model proposed in this study provides a basis for future studies. From the methodological perspective, the findings can be generalized only for service providers in the sharing economy in China, and may not be directly applicable to sharing-economy services in other countries. Additional studies are encouraged to generalize the findings. Lastly, customer heterogeneity might exist regarding relational preferences (Hennig-Thurau *et al.*, 2002). Future research could explore the moderating role of customer relational preferences.

Notes

1 *Dida* is a Chinese carpooling application.

2 This survey chose respondents located in big cities in China (e.g., Shanghai, Beijing, Guangzhou), because, at present, sharing-economy services are popular only in big cities in China.

3 This item also has the lowest factor loading in Gwinner *et al.* (1998).

4 As Maslow's hierarchy of needs addresses security as one of the basic human needs, safety benefits could be the fundament of all the other relational benefits. Hence, we ran a competing model to examine the structure of relational benefits with paths from safety benefits to other three types of relational benefits. The results suggest that the competing model does not provide a better fit to the data [$\chi^2(268) = 1216.72$, $\chi^2/\text{df} = 4.54$, $p < 0.001$, GFI = 0.81, NFI = 0.85, TLI = 0.86, CFI = 0.88, RMSEA = 0.09], and our final model is significantly better [$\Delta\chi^2(8) = 50.16$]. Thus, we can conclude that safety benefits are one type of relational benefits as that of other three relational benefits in the sharing economy.

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Appendix 1

Table AI Sample of participants' comments supporting selected relational benefits

Relational benefits	Illustrative comments
Confidence benefits	I am confident in the driver's skills. He is good at driving. And he is always on time, never being late (*A, 23, F, Single, full-time student*)
	I know what I can get from the nanny. She is very responsible. She keeps my house clean and tidy. I feel comfortable when employing her (*D, 49, M, Married, faculty*)
	I know what to expect from her. I know I can get good service and clean things *(F, 36, M, Married, project manager)*
Special treatment benefits	I always get some price breaks from her who I have employed for more than ten times (*E, 20, F, Single, full-time student*)
	I think I get better treatment than the service provider's other customers who only come once (*D, 49, M, Married, faculty*)
Social benefits	The bro is really nice. I like him very much. He is funny and has a lot of stories. I enjoy carpooling with him. It seems like that we are old friends and have known for each other for long time (*C, 27, M, Single, software engineer*)
	We have become friends. He shares his experiences with me every time. He gave me a present last time when he learned it's my birthday (*B, 31, F, Married, manager*)
	She knows what exactly I need without I telling her. I feel great to be recognized by her *(E, 20, F, Single, full-time student)*
Safety benefits	Sometimes people may feel unsafe when carpooling with strangers. From time to time we heard of terrible crimes happened in carpooling services. Safety is a serious concern for people using such services. But I feel very comfortable about the driver. I have used his *Dida* service for times. Sometimes we chat about our lives on the way. He is a good person. Definitely there's no need to worry about horrible crimes would happen in his car *(A, 23, F, Single, full-time student)*
	Steal from me? No! It's impossible. I never think she will do this *(E, 20, F, Single, full-time student)*
	To be honest, I don't like to have strangers to work in my house. No one is sure that I will not be attached or ripped off. This aunty has served me for many times. I like her, because she is reliable. She does a good job. She told me some stories about her kids now living in her hometown. More or less I can sense what kind of people she is. …… I won't employ a new aunty if she is available, because a new aunty will cause me worry about safety. Though maybe after we get to know each other, I might have the trust on the new aunty, it would take time *(F, 36, M, Married, project manager)*

Note: Each participant's initials, age, gender, marital status and occupation are included in italics after the quote

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Appendix 2

Table AII Results of EFA on Relational Benefits

Items	(1)	(2)	(3)	(4)
(1) Confidence benefits (Source: Gwinner et al., 1998)				
I believe there is less risk that the service will go wrong.	0.68			
I feel I can trust the service provider.	0.68			
I have more confidence the service will be performed correctly.	0.83			
I have less anxiety when I buy the service.	0.67			
I know what to expect when I go in.	0.80			
(2) Special treatment benefits (Source: Gwinner et al., 1998)				
I get discounts or special deals that most customers don't get.		0.81		
I get better prices than most customers.		0.84		
They do services for me that they don't do for most customers.		0.72		
I am placed higher on the priority list when there is a line.		0.76		
I get faster service than most customers.		0.57		
(3) Social benefits (Source: Gwinner et al., 1998)				
I am recognized by certain employees.			0.62	
I am familiar with the employees who perform the service.			0.75	
I have developed a friendship with the service provider.			0.63	
They know my name.			0.74	
I enjoy certain social aspects of the relationship.			0.69	
(4) Safety benefits				
I feel safe while served by the service provider.				0.74
I don't worry about crime issues about the service provider, e.g., the service provider will cheat or rob me.				0.67
To what extent would you normally choose this service provider due to security issue?				0.61

Notes: Kaiser–Meyer–Olkin measure of sampling adequacy: 0.913; significance of Bartlett's test of sphericity: $p < 0.001$

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Appendix 3

Table AIII Measures, Standardized Factor Loadings, Cronbach's alpha values and CRs

Items	SFLs	Alpha	CR
Confidence benefits (Source: Gwinner et al., 1998)		0.88	0.88
I believe there is less risk that the service will go wrong.	0.68		
I feel I can trust the service provider.	0.73		
I have more confidence the service will be performed correctly.	0.85		
I have less anxiety when I buy the service.	0.74		
I know what to expect when I go in.	0.85		
Special treatment benefits (Source: Gwinner et al., 1998)		0.91	0.91
I get discounts or special deals that most customers don't get.	0.77		
I get better prices than most customers.	0.84		
They do services for me that they don't do for most customers.	0.83		
I am placed higher on the priority list when there is a line.	0.82		
I get faster service than most customers.	0.81		
Social benefits (Source: Gwinner et al., 1998)		0.91	0.91
I am recognized by certain employees.	0.74		
I am familiar with the employees who perform the service.	0.77		
I have developed a friendship with the service provider.	0.88		
They know my name.	0.94		
I enjoy certain social aspects of the relationship.	0.70		
Safety benefits		0.79	0.80
I feel safe while served by the service provider.	0.86		
I don't worry about crime issues about the service provider, e.g., the service provider will cheat or rob me.	0.72		
To what extent would you normally choose this service provider due to security issue?	0.68		
Commitment (Source: Morgan and Hunt, 1994)		0.89	0.89
The relationship that I have with the service provider is something I am very committed to.	0.82		
The relationship that I have with the service provider is something I intend to maintain indefinitely.	0.92		
The relationship that I have with the service provider is something deserves my maximum effort to maintain.	0.83		
Loyalty (Source: Zeithaml et al., 1996)		0.83	0.84
I will recommend the service provider to someone who seeks your advice.	0.72		
I will do more business with the service provider in the future.	0.69		
I will consider the service provider my first choice to buy similar services next time.	0.80		
I will say positive things about the service provider to other people.	0.82		

Notes: SFLs = standardized factor loadings; Alpha = Cronbach's alpha coefficient; CR = Construct reliability; all significant at 0.05 level

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