

UNDERSTANDING CONSUMER BUYING PROCESS IN COLLABORATIVE CONSUMPTION

The five-stage model of consumer buying process in CC.

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Abstract

Collaborative consumption (CC) is a form of exchange which occurs within three actors: a platform provider, a peer service provider, and a customer. CC has gained broad attention among researchers in recent years. How consumers make buying decisions in CC has gained less attention. Drawing on a review of relevant academic research author offers insights on (1) how the five-stage model of consumer buying process can help us to understand consumer buying behavior in collaborative consumption and (2) how consumer buying process differs in CC compared to other modes of exchange. With an enhanced understanding of the consumer buying process the author introduces a framework called the five-stage buying process in CC. Finally, author gives recommendations for platform providers and peer service providers.

Keywords collaborative consumption, consumer buying process, the five-stage model

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1. Introduction

In 1988 Belk argued that “you are what you own” but later through internet age this argument has changed to “you are what you can access” (Belk, 2013). He builds a picture that if adopting the ideology that you do not need to own goods but you can rent them by hour, we are moving to the situation where it is common to rent cars, houses, mobile phones, dresses, handbags or jewelries. He proposes that we may be entering the post-ownership economy.

Collaborative consumption (CC) is a form of exchange which occurs within three actors: a platform provider, a peer service provider, and a customer (Benoit et al., 2017). In CC consumers have the possibility to temporarily access to non-ownership goods and services (Belk, 2013). Compared to other business models CC is a little different, because there are various actors involved. CC has gained a broad attention among researchers in recent years.

Also, buying decision-making has been a popular topic among researchers for several years and many models of consumer decision-making has been introduced. Traditional model is the five-stage model of consumer buying process. How consumers make buying decisions in CC has gained less attention and there is no specific consumer decision-making model in collaborative consumption introduced. Because collaborative consumption has changed the way consumers use and produce products and services (Belk & Llamas, 2018), it is important to research, if consumer buying process is different in CC compared to other modes of exchange. Drawing on a review of relevant academic research, this paper focuses on consumer buying behavior, and specifically on consumer decision journey in collaborative consumption form of exchange.

The main purpose of this paper is to shed light on how consumers make decisions in CC form of exchange. With an enhanced understanding of the consumer buying process the author introduces a model of consumer buying process in collaborative consumption. The model is designed to increase theoretical and practical understanding of the consumer buying process in collaborative consumption.

Main research question of this paper is:

“How the five-stage model of consumer buying process can help us to understand consumer buying behavior in collaborative consumption?”

To fully understand this question, two secondary research questions are:

“What is collaborative consumption and how does it change consumer buying process?”

“What is the five-stage model of consumer buying process and is it different in CC compared to other modes of exchange?”

This paper is organized as follows. First, I discuss the definition of collaborative consumption. Second, I introduce and evaluate the five-stage model of consumer buying process. Third, I propose a framework to understand consumer buying process in collaborative consumption form of exchange. Finally, the main ideas are concluded, implications to theory offered and limitations and possibilities for future research will be discussed.

2. Concept of collaborative consumption (CC)

Through internet age new modes of exchange has appeared and thus researchers have tried to explain new emerging phenomena. The concept of collaborative consumption is one of those and many scholars have tried to give a suitable definition for it (e.g. Belk, 2013; Benoit et al., 2017; Botsman & Rogers, 2010; Hamari et al., 2015). One reason for varying definitions might be that collaborative consumption, as its name implies, brings to mind consuming something together. If collaborative consumption would be defined by the word, would also playing football together or drinking coffee together be collaborative consumption? Maybe changing the name of the concept could help to better identify it. Reinhold and Dolnicar (2018) talk about “commercial peer-to-peer” when they talk about Airbnb, which is one example of collaborative consumption (Reinhold & Dolnicar, 2017).

2.1. Definition

2.1.1. Three actors: a platform provider, a peer service provider and a customer.

Benoit et al. (2017) have tried to distinguish collaborative consumption from buying, renting, access-based services and sharing with three criteria: (1) the number and type of actors, (2), the nature of the exchange, and (3) the directness of exchange. The directness of exchange means if exchange is mediated through market mechanisms or social mechanisms. Sharing is only mode of exchange which relies on social mechanisms (Benoit et al., 2017). They argue that in collaborative consumption there are three actors: a platform provider, a peer service provider and customer. In their definition there is no transfer of exchange, but short time consumption and

exchange is mediated through market mechanisms. They give Airbnb and Uber as examples. Uber provides a platform coordinating underutilized assets (owner's vehicles) to serve customers needing transportation. Airbnb, instead, provides a platform that coordinates people seeking short-term accommodations (Benoit et al., 2017). Benoit et al. (2017) try to explain phenomena through motives, activities and resources & capabilities of three actors. Their explanations can help us to draw better picture on how consumer buying process takes place in collaborative consumption mode of exchange. I will utilize their definition in my framework later in the chapter 4.

Instead, unlike what Benoit et al. (2017) argue, in Ertz et al. (2016) definition there can be but there should not be three actors, but interaction can happen directly between consumers. Ertz et al. (2016) call exchange which have three actors to be sourcing collaboration. They define CC to be “the set of resource circulation systems which enable consumers to both obtain and provide, temporarily or permanently, valuable resources or services through direct interaction with other consumers or through a mediator” (Ertz et al. 2016, p. 1). They argue that consumer should have possibility to be provider and obtainer and switch roles when wanted (Ertz et al., 2016). Also, other scholars do not think that there should be three actors in CC (Belk, 2013; Botsman & Rogers, 2010; Hamari et al., 2015). On the other hand, Benoit et al. (2017) argue that if the assets would not be made available by the peer service providers, CC would not be a unique form of exchange. Benoit et al. (2017) also highlight platform providers role as matchmaker. Reinhold and Dolnicar (2017) agree with Benoit et al. (2017) of three actors giving Airbnb as an example, but they do not use term collaborative consumption, but instead term commercial peer-to-peer or

just peer-to-peer. We can say that concept is still trying to find a suitable name. As time goes, we will see later, if it is “collaborative consumption” (Benoit et al., 2017), “sourcing consumption” (Ertz et al., 2016), “commercial peer-to-peer” (Reinhold & Dolnicar, 2017) or some other name which will stay for the future.

Scholars are still debating which forms of exchange are included to collaborative consumption. Botsman and Rogers (2010) define collaborative consumption as “systems of organized sharing, bartering, lending, trading, renting, gifting, and swapping.” Belk (2013) criticize this to be too broad because it mixes marketplace exchange, gift giving and sharing. He defines collaborative consumption as “people coordinating the acquisition and distribution of a resource for a fee or other compensation” (Belk, 2013, p. 1597). Belk (2013) do not say a word about platforms but he talks just about people who coordinate the exchange. Belk has written a lot about sharing (Belk, 2007, 2010, 2013, 2014; Belk & Llamas, 2018) and wants to distinguish collaborative consumption from it, but includes bartering, trading and swapping for collaborative consumption (Belk, 2013). This is different with Benoit et al. (2017) definition, because in their definition there should be three actors and there should not be transfer of ownership. Many scholars (Belk, 2013; Benoit et al., 2017; Hamari et al., 2015) leave permanent exchange out of the conceptualization of CC, but Ertz et al. (2016) say that it misses out a substantive portion of CC being incomplete or even irrelevant. If all forms of organized exchange which happens collaboratively would be included to definition of CC, we can say that it would include almost all exchange. Too broad definition may be irrelevant.

Hamari et al. (2015, p. 2047) bundle collaborative consumption and sharing economy together and give same definition for it: ““The peer- to-peer-based activity of obtaining, giving, or sharing the access to goods and services, coordinated through community-based online services”. They consider the sharing economy as an umbrella concept and argue CC to be among other concepts emerging through development of information and communications technologies. They include swapping and trading for their definition and give Zipcar, Couchsurfing and Airbnb as examples. Two years later, Benoit et al. (2017), deny Zipcar to be collaborative consumption. They call Zipcar as an access-based consumption because Zipcar owns cars and it is not peer-to-peer exchange. Belk (2013) and Belk (2014) see Zipcar as short-term renting and call it “pseudo-sharing”, because he sees it to be faux sharing through commercial ventures.

Many authors (Belk, 2013; Botsman & Rogers, 2010; Hamari et al., 2015; Piscicelli et al., 2015) say collaborative consumption to be web-facilitated, but Ertz et al. (2016) argue that CC is not solely limited to exchanges technology has enabled (Ertz et al., 2016). They argue that CC has always existed, but Internet has enabled to increase the scale and scope of this kind of practices which were before limited geographically or to some community. Therefore, CC is not new revolution but evolution of exchange modes (Ertz et al., 2016). Belk (2013) argues that “sharing is as old as humankind” but Web 2.0 has brought these new modes of exchange about.

Hamari et al. (2015) mapped 254 CC services they found from collaborativeconsumption.org that relate their business to CC. Categorizing them based on trading activity and mode of exchange, they found five categories: renting, lending, swapping, donating and purchasing used

goods. These five can be divided in two main categories: access over ownership and transfer of ownership (Hamari et al., 2015). Hamari et al (2015) found that these categories overlap because some of the platforms provide many kinds of modes of exchange. They recognized 191 out of 254 platforms providing access over ownership. In Benoit et al. (2017) definition nature of the exchange was one of the three criteria through which they divided different modes of collaborative consumption and related phenomena. Mainstream media have merely defined CC as an “economic model based on sharing, swapping, trading, or renting products and services, enabling access over ownership” (Hamari et al., 2015, p. 2050).

2.1.2. Example: Airbnb: Peer-to-peer accommodation network

To better understand what CC is, I want to tell an example what many authors use (Benoit et al., 2017; Byoungsoo, 2019; Hamari et al., 2015; Martin, 2016; Reinhold & Dolnicar, 2017). Airbnb is one example of collaborative consumption mode of exchange. It is peer-to-peer accommodation platform which creates value by matching people who search for tourist accommodation with hosts (Reinhold & Dolnicar, 2017). In Airbnb hosts give their under-utilized spaces for short-term rental (Reinhold & Dolnicar, 2017).

Airbnb operates a business model which is referred to as a *multi-sided platform* model (Reinhold & Dolnicar, 2017). The term *multi-sided* means connecting two or more parties. In Airbnb’s business model there are three parties (Airbnb, host and guest), and Airbnb is a platform provider who is connecting two other parties: hosts and guests (Reinhold & Dolnicar, 2017). Business model can be defined as: “a versatile management concept that describes how actors – such as

entrepreneurs, business units, firms, or groups of businesses – create, capture, and disseminate value” (Reinhold & Dolnicar, 2017, p. 27). In the other words, business model specifies **how** some business works: how the value is created, how it is captured and how it is disseminated (Reinhold & Dolnicar, 2017). Business model gives a big picture of the business but it is not same as strategy (Reinhold & Dolnicar, 2017).

Airbnb’s business model differs from traditional consumer businesses where there is the firm and the customer. In Airbnb there are three actors: a firm, a peer service provider and a customer. Because Airbnb differs from other business models, it is possible that consumer buying process is different than in other contexts.

Even though the concept of collaborative consumption has many definitions, the main idea remains the same: an alternative, consumption mode giving people the benefits of ownership without burden of it and has also possibility to lower environmental impact (Hwang & Griffiths, 2017). In this paper I will utilize definition proposed by Benoit et al. (2017) which have three actors: platform provider, peer-service provider and customer. I will use this definition because from the view of consumer buying process it is meaningful to have platform provider included to the scheme because they are especially interested of consumers and how to serve them best. In fourth section of this paper, I will propose a five-stage model of consumer buying process in collaborative consumption which I call *the five-stage buying process in CC*.

2.2. Motives to participate CC

Understanding motives to participate CC can help platform provider and peer-service provider to communicate values that are important to the customer. Value proposition should be interesting to attract customers. Those firms who relate their business to collaborative consumption in fashion industry have value proposition: “play with different styles and be creative without having to pay full price” (Piscicelli et al., 2015). Saving money and enjoying different styles is their value proposition. According to Hamari et al. (2015) these two motivators (economical gain and enjoyment) are the most important to stimulate action. In this context, action is equal to using service.

Even though the definition of Hamari et al. (2015) is not suitable for my purpose, they propose interesting insights about consumer motivation to participate to CC. They find that sustainability and enjoyment are attitudinal motivators to participate CC, but economic gain and enjoyment are motivators that translate into action (Hamari et al., 2015). Thus, people might not be interested in sharing as long as not-shared products stay at low price (Hamari et al., 2015). Consumers seem to be more economically motivated than providers of goods (Böcker & Meelen, 2017). Saving money being important motivator to participate CC might make affluent people not interested to participate. It should be researched further if individuals having lower income level are more interested to take part in CC. In the travel context it seems that consumers with higher income are more open to participate CC (Tussyadiah, 2015). Tussyadiah (2015) findings suggests that, even though peer-to-peer accommodation is associated with lower cost, consumer with high income level are more interested of it.

Benoit et al. (2017) introduce motives what three actors have to participate CC. I will focus on motives that consumer have. They argue consumers' motives to be economical (save money), social (seeing other people, e.g. more authentic travel), hedonic value (accessing products that are exiting or normally out of reach) and reduce risks & responsibilities (no burdens of ownership). Hamari et al. (2016) bundle social and hedonic value together under enjoyment. Reducing risks and responsibilities are motives that Hamari et al. (2016) do not take into consideration but they might be important motivators as well.

Piscicelli et al. (2015) research suggests that motivation to participate exchange systems like CC may be appealing only to limited number of consumers sharing a certain value orientation.

Böcker and Meelen (2017) show that motivations to participate differ between different socio-demographic groups. Their findings may be one reason for a failure to wider accept and adopt CC (Weber, 2015).

Even though CC has been seen to be more sustainable mode of exchange (Belk, 2013; Botsman & Rogers, 2010; Heinrichs, 2013; Martin, 2016), Weber's (2015) analysis show that in high-price categories overall demand may increase but in low-price products sales may drop. In high-price products the number of consumers who want to become owners may increase (Botsman & Rogers, 2010). Martin (2016) suggests that it is highly unlikely that sharing economy would drive a transition to more sustainable world.

Motives are important factors which drive consumer through the buying process. In the next chapter I will describe the five-stage model of consumer buying process. After that, in the fourth chapter I will propose a framework for consumer buying process in CC.

3. Consumer buying process

“Consumer behavior is the study of how individuals or groups buy, use and dispose of goods, services, ideas or experiences to satisfy their needs and wants” (Pedersen & Netter, 2015). I have been interested in human behavior as long as I remember. Thus, in this paper I try to understand consumer buying behavior in CC through traditional five-stage model of consumer buying process. The field of consumer behavior research includes a broad set of issues to wide range of scholars (Joireman & Durante, 2016). In the book *Marketing Management*, Kotler et al. (2012) divide the study of consumer behavior into three interdependent dimensions: (1) the study of culture; (2) the study of social groups; and (3) the study of the individual. The study of consumer buying behavior draw insights from all of these dimensions but especially from the study of individual. Instead, in special issue *Current Opinion in Psychology* consumer behavior research is divided in four domains including: perception (which includes decision-making), goals and motivation, interpersonal processes (which includes collaborative consumption) and societal level issues (Joireman & Durante, 2016). These breakdowns are different but not mutually exclusive.

Many of the issues in consumer behavior research are strongly linked together. Goals and motivations, interpersonal processes and societal level issues have their own effect on consumers buying behavior. Thus, we can say that consumer buying behavior is a complex issue and models and frameworks are needed to better understand it. Therefore, in this paper, I dive deep into models brought out of consumer buying process. After the review of relevant research in the field, I introduce a model which is developed to suit best to collaborative consumption form of exchange. I call this model the five-stage model in CC. I describe and illustrate the model later in the fifth part of this paper.

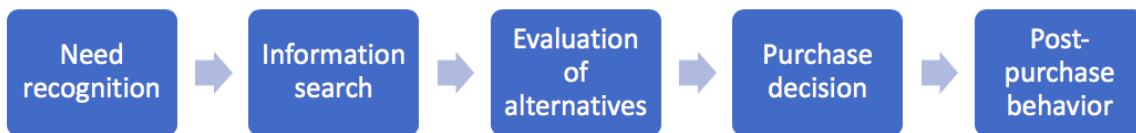
3.1. Five-stage model of the consumer buying process

Marketing scholars have developed models to understand buying decision process. Traditional model is the five-stage model of consumer buying process (Zhang & Benyoucef, 2016). This is not the only model proposed but it is the most often used. Staged are illustrated in Figure 1 and they are: need recognition, information search, evaluation of alternatives, purchase decision and post-purchase behavior (Kotler et al., 2012). Active consideration time between need recognition and purchase is called *active decision time* (Kotler et al., 2012). Some studies suggest that information search and evaluation of alternatives stages could be grouped together (Greenleaf & Lehmann, 1995).

Marketers job is to identify the circumstances that trigger the consumer (Court et al., 2009; Greenleaf & Lehmann, 1995) and those moments that matter in the consumer decision-making process (Kotler et al., 2012). This kind of model can help us to understand how different

messages can be optimally combined and sequenced in different media (Stankevich, 2017). In next subsections I will analyze and evaluate the five-stage model in detail.

Figure 1. Five-stage model of the consumer buying process. Source: (Kotler et al., 2012).



3.1.1. Need recognition

The buying process starts with need recognition when the consumer identifies a need or a problem. Need recognition happens through stimuli, which can be internal or external (Batra & Keller, 2016). Internal stimulus is consumer's normal need (e.g. hunger, thirst, sex) and external need arises through external trigger (e.g. advertisement or seeing friend's clothing) (Kotler et al., 2012). Through digitalization new ways of communication have emerged, which enables marketers to facilitate personalized messages by content, timing and location (Batra & Keller, 2016) and thus better find right triggers. Demographic factors, such as age, sex, income, education and marital status impact need recognition (Kotler et al., 2012). Consumer needs change through lifetime. For example, if you are becoming a father or mother for the first time, your needs are different than ever before. In need recognition stage consumer may become aware of certain product (Comegys et al., 2006).

Marketers job is to identify triggers that arise particular need by gathering information from a number of consumers (Zhang & Benyoucef, 2016). Through technology consumer path to purchase has changed. Data and testing is one principle of modern marketing (Kotler et al., 2012) and it can be used also to find triggers that work to arise need among consumers. Attribution modelling follows consumers path to purchase through steps like organic and paid search, retargeted display and banner ads, price comparisons, e-mails, website visits and physical store visits (Lewnes, A., & Keller, 2019). Through digitalization new ways of communication have emerged, which enables marketers to facilitate personalized messages by content, timing and location (Batra & Keller, 2016) and thus better find right triggers.

3.1.2. Information search

At information search stage consumers gather information trying to make better choices. Kotler et al. (2012) divide information sources to four groups: personal (family, friends, neighbors, acquaintances), commercial (ads, websites, salespeople etc.), public (mass media, rating organizations) and experiential (handling, examining, using the product). Past experiences of the product affect how much time consumer uses in this stage. Also, buyers characteristics and product category matters (Batra & Keller, 2016). Consumer receives most of the information from commercial sources but personal and public sources are most effective in moving consumer forward in buying process (Comegys et al., 2006; Kotler et al., 2012). Also, research done by McKinsey propose consumer-driven marketing (WOM, internet reviews) to be most effective (Court et al., 2009). Commercial source work as information function, whereas personal source is for evaluation (Court et al., 2009).

Time of mobile phones has dramatically changed the way consumers search for information. Consumers are not passive receivers of brand information through TV and print, but rather they search information when it is needed through search engines, mobile browsers, blogs and websites (Batra & Keller, 2016). Time and place affect consumer communication processing (Batra & Keller, 2016) making it important to think when and where to communicate. To get a stimulus to cause an action, time and place should be suitable.

During the information gathering stage the number of brands taken into consideration gets usually bigger (Court et al., 2009). Because collaborative consumption is still quite new for many consumers, it might be added to consideration set at information search stage. McKinsey researches show in their study with 20 000 consumers that during active evaluation phase consumers add brands to their consideration set (Kotler et al., 2012). For example, in product category of cars consumers had on average 3.8 brands in their initial consideration set but after searching information they added on average 2.2 brands more into their consideration set (Court et al., 2009). Kotler et al. (2012) propose another model having five quite similar steps: total set; awareness set; consideration set; choice set; decision. Brand should get into consumer's awareness, consideration and choice sets (Court et al., 2009).

Again, Aaker (2012) gives another model describing brand preference battle and brand relevance battle. In his model consumer go through three steps when choosing the brand: (1) select category/subcategory, (2) select set of brands to consider and (3) select brand from consideration

set. In second step consumer choose relevant brands to consider and this step is thus brand relevance battle, whereas third step is preference battle when consumer chooses preferred brand from consideration set (Court et al., 2009). Because collaborative consumption is still quite new business model it should communicate its distinctive value proposition for consumers to be relevant. Aaker encourages to create new categories or subcategories to make competitors irrelevant and kick them off from consideration set. New creation should have “must haves” to accomplish this goal (Aaker, 2012). Must haves in collaborative consumption might be saving money, enjoying, sustainability and access over ownership. Dawar and Bagga (2015) talk about quite similar concept introducing centrality-distinctiveness map. Brand is central when it comes first in the mind and distinctive when it stand out from other brands avoiding direct competition (Dawar & Bagga, 2015).

3.1.3. Evaluation of alternatives

At third stage of the model consumer evaluates alternatives. Consumer sees products as a bundle of attributes which vary by product (Dawar & Bagga, 2015) and by consumer. Segmentation can be done by attributes which can be for example price, location, quality, flavor and safety (Kotler et al., 2012). Because consumers participating to CC usually value economical gains and enjoyment (Hamari et al., 2015), possible target population might be consumers valuing these attributes.

Marketing communication should be credible, and positive ratings, reviews, endorsements and testimonials should be in place (Kotler et al., 2012) to get consumer to trust your brand. Ratings

are used in collaborative consumption to evaluate peer service providers. Objective sources like third-party testing or endorsement, friends recommendations and experts might be credible evidence for consumer (Batra & Keller, 2016). As said before, personal source has seen to be most effective (Batra & Keller, 2016). This is tricky for marketers because these sources are not straight in the hand of the marketer. If experience with brand has been excellent, positive WOM (word-of-mouth) will spread among consumers. Consumer-driven marketing is most effective at this stage (Comegys et al., 2006; Kotler et al., 2012).

Because consumers do not have unlimited time, they have to stop information search and evaluation at some point and make purchase decision (Court et al., 2009). Information search and evaluation may stop, when difficulty of getting more information outweighs the value of this additional information (Comegys et al., 2006).

3.1.4. Purchase decision

After intention to choose a brand and make the actual purchase, there may be many reasons to delay the decision. Inconvenient or untrustworthy purchase step may be one reason (Comegys et al., 2006). For this reason, purchasing should be made as easy as possible so that customer will not delay his purchasing. Limited-time promotions and messages telling purchasing to be a good deal can help consumer to make purchase decision (Batra & Keller, 2016).

Reasons to delay are related to reasons consumer stop delaying (called *delay closure*), and they are also related to amount of time consumer spends in different stages (Greenleaf & Lehmann,

1995). Greenleaf & Lehmann (1995) found 10 main reasons for delay which are: (1) time pressure, (2) need information, (3) can't afford, (4) uncertain need, (5) perceived social and psychological risk, (6) have substitute at home, (7) perceived performance and financial risk, (8) await market change, (9) need others advice and (10) shopping unpleasant. Because in CC buying happens through online platforms, it is important to make sure that shopping is not unpleasant but easy and effortless. Sometimes when consumers make impulse purchases, based only for impulses and emotions, information search and evaluation stages are not so important (Greenleaf & Lehmann, 1995).

3.1.5. Post-purchase behavior

Last stage of the process is post-purchase behavior. Understanding behavior after the purchase is really important to get the consumer to come back (Comegys et al., 2006). After the buying decision, consumer might have negative or positive feelings and thoughts about the brand (Comegys et al., 2006). Marketers job is to provide messages that support his or her decision and help him or her feel good about the brand (Kotler et al., 2012). Kotler et al. (2012) say that marketers' job does not end after the purchase, but Court et al. (2009) go further arguing that at the purchase moment marketers' "work has just begun" because of the cycle of the journey. For example, more than 60 percent of consumers in facial skin care products go online to find more information of the theme (Court et al., 2009). Marketers should follow customers post-purchase actions, satisfaction and usage (Court et al., 2009).

Satisfaction is function between consumers product expectations and its performance (Kotler et al., 2012). Meeting the expectations brings satisfied customers, and vice versa, customer is unsatisfied or disappointed if performance is lower than expectations (Kotler et al., 2012). At its best, company can enchant customers providing better service than expected (Kotler et al., 2012). Shopping convenience is the most important factor to satisfaction in social commerce (Kotler et al., 2012).

Actional options can be repurchasing (loyalty), stop buying (exit option), telling friends (voice option) (Comegys et al., 2006) or going online (Kotler et al., 2012). If satisfied, customer might become loyal to brand (Court et al., 2009). Loyal customer might skip information search and evaluation stages and go straight to the purchase when next trigger comes (Batra & Keller, 2016; Court et al., 2009; Kotler et al., 2012). Court et al. (2009) call this action loyalty loop in their model of the consumer decision journey.

Following metrics is important for marketers. Post-purchase metrics followed by CMO's and senior management are for example customer retention (Kotler et al., 2012), customer churn (Kotler et al., 2012), NPS (net promoter score) and CLF (customer lifetime value) (Hume, 2017). Customer retention means how long customer will stay as a customer and customer churn tells when customer will stop as a customer. NPS is the percentage of promoters minus the percentage of detractors (Bendle & Bagga, 2016). Promoters are people giving 9 or 10 in the scale from 0 to 10 and detractors are people giving 6 or less (Bendle & Bagga, 2016). CLF is the present value of cash flows from a customer relationship. Other metrics marketers follow during the whole

five-stage process are, for example, market share, marketing return on investment, and amount of likes in the social media platforms (e.g. Facebook) (Bendle & Bagga, 2016).

4. Consumer decision-making process in collaborative consumption

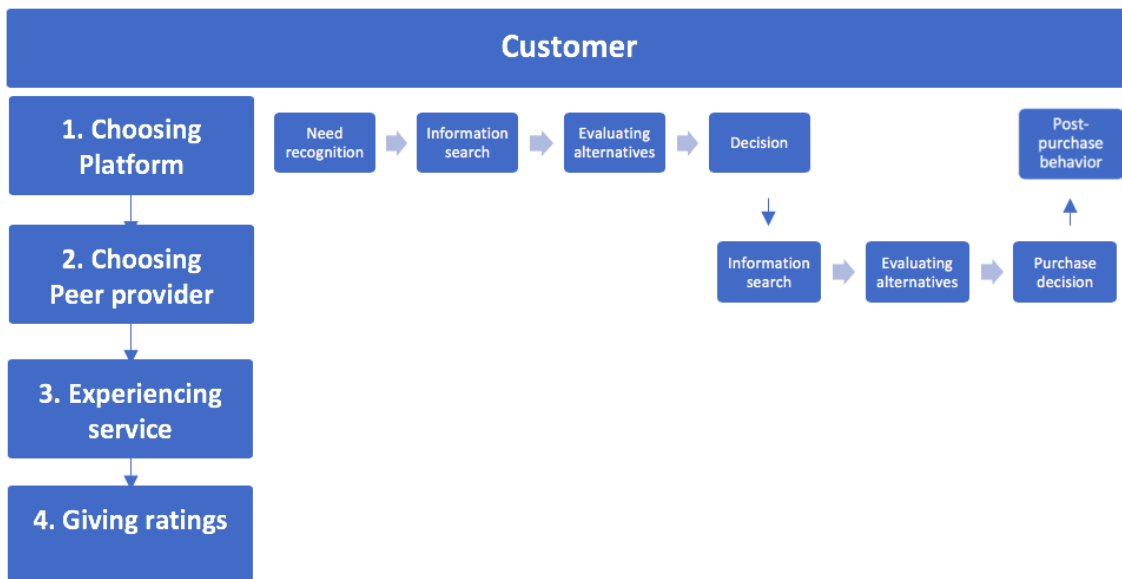
Now we get to the most important part of this paper, because I will introduce you the framework I created. In this framework I tried to combine the former knowledge of consumer buying process and collaborative consumption. I tried to think consumer buying process especially from the view of consumer, but also from the view of platform provider.

What is special in CC is that there are two different actors serving customers in CC: the platform provider (e.g., Airbnb) and a peer service provider (e.g., someone providing a flat). Also, what is special is that platform provider (the company) has two customers to serve: the peer service provider and the user of the service. Peer service providers can be seen as employees of the platform, because they are the physical touch point for the customer. On the other hand, peer service providers are like products which are gathered to the same online platform or to the app. Platform is attractive for customers when there are enough peer service providers in the platform to choose from. Heterogeneity of peer service providers is a core characteristic and competitive strength, but also a challenge for a platform provider and for a customer (Benoit et al., 2017). Platform providers should train peer service providers to avoid harms of this challenge (Benoit et al., 2017).

4.1. Framework: The five-stage buying process in CC

In collaborative consumption mode of exchange consumer buying process looks quite similar than in other contexts but there are also some differences. The five-stage model of consumer buying process occurs within four steps: (1) choosing platform, (2) choosing peer service provider, (3) experiencing service (4) and giving ratings.

Figure 2. The five-stage model of consumer buying process in CC.



When consumer chooses a platform or peer service provider, he or she goes through decision making process. First, when consumer chooses a platform, he or she goes through the first four stages from the five-stage model. After choosing the platform consumer have to choose the peer service provider. Decision process starts from the beginning. Again, he or she needs to search

information, evaluate the alternatives and make the purchase decision. After experiencing the service, the last stage, post-purchase behavior is many times a bit different. In many platforms, customer have possibility go back to the platform provider and give ratings for peer service provider. Through rating systems platform provider can help consumers to evaluate different options. The five-stage model of consumer buying process in CC is illustrated above in Figure 2.

Within the four steps consumer have actually eight stages in his or her buying process. The first three stages are the same than in the traditional five-stage model, but others differ slightly. The stages are (1) need recognition, (2) information search, (3) evaluating alternatives, (4) decision (choosing the platform), (5) information search, (6) evaluation of peer service providers, (7) purchase decision and (8) post-purchase behavior.

The first three stages are explained before in chapter 3. The fourth stage, choosing the platform, is almost the same with the traditional five-stage model fourth stage, purchase decision, but in collaborative consumption, consumer do not make the purchase. He or she only chooses a platform. After choosing the platform, customer starts information search and evaluation of alternatives again in the platform.

The fifth stage, information search, and the sixth stage, evaluation of peer service providers, are quite similar with traditional five-stage model. Customer searches information, looks ratings of peer service providers and evaluate different alternatives. These stages are usually made simultaneously, and they cannot always be distinguished. Special in these stages is that

information search and evaluation is made through platform which is created for this purpose. Also, special in CC is that customer chooses one peer service provider from the platform. Thus, different peer service providers can be seen as different products which are gathered together in the same platform. Customer chooses among these “products”. Platform provider should make the platform as easy to use as possible to make the shopping convenient and pleasant because shopping convenience is the most important factor to satisfaction in social commerce (Kotler et al., 2012).

The seventh stage is purchase decision. At this stage, platform provider should make the purchasing easy, so that customer will not delay his or her decision. Greenleaf and Lehman (1995) found that unpleasant shopping can be one reason for delay. If the purchase is too hard or complicated to make, delay may happen. Experiencing the service takes place between purchase decision and post-purchase behavior. In Airbnb, for example, this means going to the peer service providers place and staying night there. In collaborative consumption this is special stage because now peer service provider is responsible of the good service. Peer service provider is main personal point for the customer (Benoit et al., 2017). Peer service provider is representing the brand and his or her job is to personalize the service and make it authentic and individualized (Benoit et al., 2017).

The eighth stage is post-purchase behavior, which can mean giving ratings, telling friends of the experience (word-of-mouth) and making consideration of repurchasing. If the experience was good, customer will give good rating which is good for the peer service provider. Further,

customer might come back and buy again. And what is important, customer will tell others of the good experience and thus bring more customers in.

4.2. Three actors and their tasks during the process

Three actors; the platform provider, the peer service provider and a customer, have different tasks during the consumer buying process. I will next introduce and analyze them from the view of consumer buying process. The peer service provider has a big role when consumers experience the service. Instead, platform provider has a big role in all the other stages.

4.2.1. Customer's tasks

According to Benoit et al. (2017) customer's activities are: interacting, providing information and behaving appropriately. From the consumer buying process perspective customer interact with the platform provider before and after the purchase. Customer interact with the CC asset (e.g. flat) and with the peer service provider after the purchase when experiencing the service. Customer may also interact with other customers before the purchase (asking advice) and after the purchase (telling friends of the experience). Customer will provide information in the last stage of the process giving ratings. Customer to behave appropriately, platform provider should communicate social norms to customer at the purchase stage. These activities are important in strengthening trust between peers and towards CC (Benoit et al., 2017).

4.2.2. Peer service provider's tasks

According to Benoit et al. (2017) peer service providers activities are: giving access to assets, take role as customer contact employee and personalize the service. From the consumer buying process perspective these activities take place at the third step when customer experiences the service. This occurs between purchase decision and post-purchase behavior. If peer service provider can personalize the service and make the experience particularly good, he or she will get good ratings and can have opportunity to rise prices. Peer service provider can encourage his customers to give good ratings. Special in collaborative consumption is that peer service provider can choose the price for the service. Actually, all the marketing p's (product, price, place, promotion) are in the hand of the peer service provider.

4.2.3. Platform provider's tasks

According to Benoit et al. (2017) platform providers activities are matchmaking, presenting the brand, creating trust & reducing risk, shaping and communicating social norms, and smoothing supply and demand in peak times. The platform provider should follow the customer during his or her entire buying process, from the need recognition to post-purchase behavior. From the consumer buying process perspective platform provider should make the service so interesting that customer will choose their platform. Their task is to make consumers aware and get them interested of the service. They are responsible for communicating social norms to the customer and to the peer service provider. Platform provider is actually responsible for all the marketing of the service. Benoit et al. (2017) say that platform providers one of the most important task is to present the brand and communicate its distinctive value proposition.

Tasks by stage

1. Need recognition

The platform providers first task is to find their customers. This can be done through segmentation. Segmentation is important because CC may be appealing only to limited number of consumers (Böcker & Meelen, 2017; Piscicelli et al., 2015). As I mentioned before in chapter 3, consumers participating to CC usually value economical gains and enjoyment (Hamari et al., 2015), so consumers can be segmented by these attributes. Another task is to find internal and external stimuli which arise particular need. Internal stimuli are consumers normal need. As a platform provider you can try to anticipate activities consumers have before need recognition. In other words, you should find circumstances of average consumers normal need recognition. Also, you should find and communicate right triggers which make consumer recognize his or her need, so that customer will start the buying process.

2. Information search

At this stage platform provider should find the right forums/medias and be present there. This can be done making attribution modelling and following consumer's path to purchase. As I mentioned before in chapter 3, attribution modelling follows consumers path to purchase through steps like organic and paid search, retargeted display and banner ads, price comparisons, e-mails, website visits and physical store visits (Lewnes, A., & Keller, 2019). When platform provider gets into consumers consideration set, it has possibility to win the brand relevance and preference battle. As mentioned in chapter 3, collaborative consumption is still quite new for many consumers and it might be added to consideration set at information search stage. At

information search stage, platform provider should communicate their distinctive value proposition. To get more information, read again chapter 3.1.2 *Information search*.

3. Evaluation of alternatives

At the third stage, consumer evaluates if it is worth to use collaborative consumption as an alternative to satisfy his or her need. Now platform provider should convince consumers.

Objective sources like third-party testing or endorsement, friends recommendations and experts might be credible evidence for consumer (Batra & Keller, 2016). As said before, personal source has seen to be most effective (Batra & Keller, 2016). I recommend platform provider to invest in consumer-driven marketing. As mentioned before in chapter 3, McKinsey researchers argue consumer-driven marketing (WOM, internet reviews) to be most effective (Comegys et al., 2006; Kotler et al., 2012).

4. Decision

At this stage consumer make the decision that he or she will trust to collaborative consumption alternative. When this decision has been made, starting using the platform should be easy and fun. Investments in fast and effortless platform will be in place at this stage, and also in all the last stages.

5. Information search via platform & 6. Evaluation of peer service providers

The most important task at these two stages is to make information search and evaluation easy and effortless. Because the platform is actually made for this purpose (information search and

comparison), this stage should be fun and enjoyable for the customer. As said before in chapter 3, shopping convenience is the most important factor to satisfaction in social commerce (Kotler et al., 2012).

7. Purchase decision

At this stage platform provider should make purchasing effortless. It should not take too much time to make the purchase. Many payment alternatives should be available. Another task at this stage is to communicate social norms. Platform provider should tell customers the rules; what is appropriate behavior and what is not.

8. Post-purchase behavior

This is the last stage of the process. Platform provider should build rating system which is easy to use. Another task is to create loyalty. This can be done building loyalty program or communicating to customer after the experience and get him or her come back. Also, the experience with the platform should be so enjoyable that customer will tell his or her friends of the good experience. Extremely good experience will make the WOM spread.

In the table below are collected tasks that platform provider should do in the different stages of consumer buying process.

Table 1. Step by step instructions for platform provider

Stage	Step by step instructions for platform provider
1. Need	Do segmentation.

recognition	Find circumstances of average consumers normal need recognition. Find and communicate right triggers.
2. Information search	Find the right forums/medias and be present. Communicate your distinctive value proposition.
3. Evaluation of alternatives	Invest in consumer-driven marketing. Convince consumers with positive ratings, reviews, endorsements and testimonials.
4. Decision	Make beginning with your brand easy.
5. Information search	Make information search easy and effortless.
6. Evaluation of peer service providers	Make comparison easy and fun.
7. Purchase decision	Make purchasing effortless. Communicate social norms.
8. Post-purchase behavior	Build rating system which is easy to use. Create loyalty.

To conclude this subchapter, we can say that consumer buying process is different in collaborative consumption mode of exchange than in other contexts. Notable is that consumer have to make decision in two steps: (1) choosing platform and (2) choosing peer service provider. Also, notable is the triadic nature of CC.

4.3. Managerial Implications

4.3.1. Implications for platform providers

Platform providers should understand their important role in all the stages of consumer buying process. One of their most important task is to present the brand and communicate its distinctive

value proposition (Benoit et al., 2017). Understanding motives to participate CC can help platform provider communicate values that are important for the customer. According to Hamari et al. (2015) two most important motivators are saving money and enjoying. Shortly said, marketing message could be: Pay less, enjoy more!

Platform provider create the market and operate as a mediator or matchmaker between customers and peer service providers (Benoit et al., 2017). Special emphasis should be made to create platform as easy to use as possible. Also, emphasis on shaping and communicating social norms is important both to peer service provider and customer, because service experience takes place between peer service provider and customer. Platform provider does not entirely control the brand and its meaning (Benoit et al., 2017). Hamari et al. (2015) provide following implications for CC platform providers: make pleasurable systems to use because enjoyment is an important motivator to participate CC and avoid free riders using trust systems.

To conclude recommendations for platform providers: Communicate important values (save money and enjoy) and make effortless platforms.

4.3.2. Implications for peer service providers

Peer service providers willingness to offer their assets to other people use makes CC possible. To succeed, peer service provider should pay special attention on personalized and authentic service. If succeeding in that task, peer service provider will get good ratings and thus, customer will trust on him or her. With very good ratings, peer service provider can raise prices. Serving

customer well and reminding him or her to give good ratings can lift peer service providers reputation. Satisfied customers bring good reputation, which brings more customers and which in the end brings more money.

5. Discussion

5.1. Theoretical Implications

This paper has theoretical implications for two main research areas: collaborative consumption and consumer buying decision. Because this paper was conceptual research, framework proposed should be investigated empirically to create more knowledge.

This research paper shed light on how consumer buying process can differ in different contexts and in different business models. Paper discussed the concept of collaborative consumption and definitions proposed for it. Utilizing framework proposed for collaborative consumption by Benoit et al. (2017), this paper introduced a framework which is called the five-stage model of consumer buying process in CC. How consumer buying process occurs in collaborative consumption was not yet researched before which strengthens the importance of this paper.

6. Conclusion

Key finding of this research paper is that consumer buying process in CC differs slightly from the traditional five-stage model. Consumer buying process in CC is two-step decision process:

(1) choosing platform and (2) choosing peer service provider. Thus, the customer goes the process over two times. For this reason, collaborative consumption as a business model has its own unique features which platform provider and peer service provider should take into account.

Limitations of this research is that this paper is not empirical but conceptual research. Possible future avenue is to empirically qualify the framework I have proposed. Secondly, this paper focuses only to such collaborative consumption mode of exchange which have three actors: a platform provider, a peer service provider and a customer. Using other definitions can give different results. To conclude, it is important to take into account that the framework proposed is just a modelling of the real world and as such has its limitations. Even though different stages can be identified from the consumer buying process, every context have its own unique features.

7. References

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