



The Sharing Economy: What Ingredients are Key to Success in this Business Model - A Vietnamese Perspective

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Abstract. The purpose of this research is to look at how the sharing economy is changing and will further change the Vietnamese economy in the future. This is done by exploring the four types of sharing (non) participants: consumers, providers, aware non-users, and non-aware non-users. This research is inspired by the assumptions that the rising sharing economy may provide chances to those who participate in it in terms of social interaction, social capital, trust, profits, and new opportunities for generating income. It may also pose challenges. A combination of both quantitative and qualitative research has been conducted which involves analyzing data collected via questionnaire survey, expert opinions, Delphi technique as well as analyzing the economic outlook statistics. The research results could serve as a reference resource for the better transformation process of business enterprises and government authorities in the current context of global competition and the rapidly-changing business environment. This is to foster better awareness of how the increasing sharing economy affects people's behavior, thinking, and socialization in Vietnam. The research findings also help to identify key opportunities and challenges of the sharing economy in order to improve digital services through digital platforms.

Keywords: Sharing Economy · Business Model · Technologies · Digital Transformation · Vietnam

1 Introduction

At the present time, there is a new wave of access-driven, peer-to-peer businesses that are rectifying current selling and buying activities into a new sharing-based trading method [7]. In the report by [7], it can be seen that sharing of accommodation, cars, machines, files, music, and many other things has become indispensable and irreplaceable as part of the increasingly digital lifestyles. In fact, most people nowadays cannot imagine living and traveling without shared products and services. New business models developed

from fast-evolving cloud-computing platforms, combined with consumers' rapid uptake of digital technologies have formed a so-called 'sharing economy. As there are more and more start-ups every day offering all kinds of services, there appears the talk of "uberification" or "Uber of everything" in the service economy.

Over the last decade, the concept of sharing products or services is no longer new in the Vietnamese context. Sharing economy model has become an exciting element in Vietnamese businesses. In Vietnam, Airbnb, a start-up specializing in smart travel-oriented solutions, is a typical example of this economic model, in line with other service platforms such as GoViet, Grab, Now, WeWork, Travelmob, Luxstay, and so on. It can be seen in the Vietnamese Home-sharing Insights report that, since its launch in Vietnam in 2015, Airbnb's listings have soared from 1,000 in 2015 to 16,000 in 2017, and up to 40,804 by 2019 [5]. The Outbox Consulting report asserted that sharing economy is expected to be more and more popular in many other sectors in the Vietnamese market such as tourism, office sharing, hotel sharing, co-working spaces, finance, electronic equipment co-use, etc. On August 12, 2019, the Vietnamese government approved the sharing economy project in Vietnam which was compiled earlier by the Ministry of Planning and Investment (MPI). The Vietnamese government is aware of the potential of sharing economy and starts working on planning to support its growth. Keep this in mind, there needs to apply the industry revolution 4.0 technologies to tax policy implementation and management that stimulate the growth of sharing economy. Being aware of the potential of sharing economy, the Vietnamese government starts to work on supporting the growth of this economic model. Given the booming trend of sharing economy in Vietnam and around the world, this research aims to analyze customers' insights and challenges when operating Share Economy from the perspective of Vietnamese customers and experts. The research also seeks to explore factors that are highly relevant to the further growth of this model.

2 Literature Review

2.1 The "Sharing Economy" Definitions and Its Sharing (Non) Participant Types

Sharing economy is defined in several ways. In reality, most digital industries' service involves the better utilization ('sharing') of physical assets (houses, cars, physical space, appliances, tools, clothes, shoes, bags/accessories), or services (through tasks such as cleaning, cooking, running errands, cleaning, etc.). In sharing economy users' access to assets appears more important than ownership of such assets [14].

Participants of this model majorly benefit from cost reduction for buyers and the possibility for sellers to serve more customers per ride. As a result, societal benefits include carbon footprint reduction recycling reinforcement, and increased social interactions [11].

Several years ago, the concept of sharing economy was almost unknown in Vietnam. To the author's observation, the concept of sharing economy has yet to be familiar to Vietnamese consumers. Vietnam is among the nations with high growth in digital transformation and great potential for sharing economy development.

The trend of an ongoing Sharing economy relates to a wide range of stakeholders including the people, the technologists (start-ups, investors), the influencers (press and

media), and the established (corporations, government). This research looks into two different forms of participation in the sharing economy [1]: (1) as a ‘consumer’, (2) as a ‘provider’ (users who provide the available or underutilized goods and services), (3) as an aware non-user (those who are aware of the sharing goods and services, but never used them), (4) as a non-aware non-user (those who have no idea or use of the sharing goods and services).

2.2 The Idea of Customer Value

The sharing economy business operates under two principal value-creation mechanisms namely Centralized resource pooling and Peer-to-peer intermediation [2]. Basically, customer value is defined based on the general perceptions of customers, the “perceived worth” and the “perceived quality”.

2.3 Literature Gap

Over the last decade, consumption experience has been formed with new standardized measurements. In order to make their purchase decision, consumers are focusing more and more on whether products and services are fascinating, cool, thoughtful, reliable, easy to learn, beautiful, and convenient to use. Noticeably, there are two important statements applied in all definitions of “value” which are, firstly, value is created through the use of products/services and, secondly, value is based on customers’ perceived value of goods or services. Apart from that, [8] add “economic value” as another category to the definition of customer value in their research in the bicycle sharing industry. Economic value refers to customers’ trade-off evaluation between the perceived benefits of a product/ service and the perceived costs of using them. Especially, [9] combined the four categories, functional, emotional, social, and economic value in their research of customer perceived value in general. Basically, customer value is defined based on the general perceptions of customers, the “perceived worth” and the “perceived quality”. Consumer value is created when customers’ perceived benefits of a product or service surpass their perceived costs. In the past, many studies have tested the effects of different dimensions of customer value on purchase and repurchase intentions [6]. However, none of the research has been done to test this relationship in the sharing economy environment in Vietnam.

3 Methodology

This study adopts the methodology of [17]’s research on both qualitative and quantitative approaches.

3.1 Qualitative Methodology

To collect data on the comparison of customer value propositions in the sharing economy, the authors design a semi-structured interview. The face-to-face interview comprises predefined questions. Respondents, from both genders, whose occupations are either

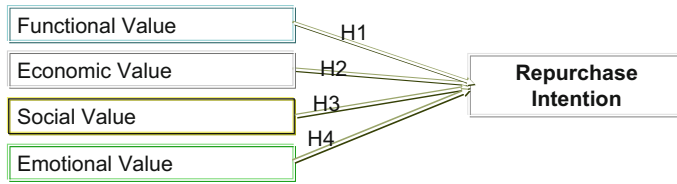


Fig. 1. Customer Value Proposition Theoretical Framework

sharing economy experts, business owners, users, or government officers. The survey questionnaire contained open-end questions to collect data about respondents' perceived customer value, risks, challenges, and opportunities from their sharing economy. After the step of data collection, the analysis was done, firstly, by one researcher. After that, the results were then reviewed and checked by the whole research team to minimize research biases.

3.2 Quantitative Methodology

In the quantitative phase, a sample of 548 participants was invited to conduct the survey. Demographically, 313 out of 548 responses have been chosen for further analysis in which males (56.9%) and females (43.1%) are represented almost equally in the sample. Over half (64.5%) of the respondents are between 18 and 36 years of age. Most respondents have received a Bachelor of Arts or higher education (91.7%). Most of the respondents are either employed (81.5%) or self-employed (13.7%). The highest percentage of respondents (40.9%) report that their annual income is between \$400 and \$1300 per month. 73.5% of respondents are living in Ho Chi Minh where the sharing economy is booming. The rest are living in other key cities of Vietnam which are Hanoi (9.6%) and others (16.9%). Out of 545 responses, 12.5% are aware of sharing economy, but are non-users.

As discussed in the literature review, this research tests the relationship between independent economic value, functional value, emotional value, social value, and customer repurchase intention in sharing economy (Fig. 1). The research data are analyzed using the statistical SPSS 20.

Four hypotheses are developed to test the relationship between the four factors and repurchase intention as follows:

- H1: There is a significant positive relationship between Functional Value and Repurchase Intention.
- H2: There is a significant positive relationship between Economic Value and Repurchase Intention.
- H3: There is a significant positive relationship between Social Value and Repurchase Intention.
- H4: There is a significant positive relationship between Emotional Value and Repurchase Intention.

4 Results

In Table 1, the adjusted R-square of multiple correlation coefficient (adjusted R²) value indicates that 57.3% of the variances associated with Repurchase Intention can be explained by the 4 development characteristics.

The output of the ANOVA analysis shows that the significance level is 0.000 ($p = 0.000$), which is below 0.05, there is a statistically significant difference among the analyzed factors (Table 2).

Model 1 in Table 3 shows the coefficients for the four predictors' variables with Repurchase Intention as the base level. Beta of Emotional Value = 0.327 ($p < 0.05$) which is mostly significant from Vietnamese Customers. Beta of Functional Value = 0.288 ($p < 0.05$) which is second significant.

Table 1. Model Summary

Model	R	R Square	Adjusted R2 Square	Std. Error of the Estimate
	.761a	.579	.573	.50533

Table 2. Anova

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	108.001	4	27.000	105.735	.000a
	Residual	78.650	308	.255		
	Total	186.651	312			

a. Predictors: (Constant), Functional Value, Economic Value, Social Value, Emotional Value

b. Dependent Variable: Repurchase Intention

Table 3. Co-efficiencies

Model		Unstandardized Coefficients	Standardized Coefficients		t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.044	.171		-.258	.796
	Functional Value	.219	.031	.288	6.996	.000
	Economic Value	.187	.030	.253	6.129	.000
	Social Value	.233	.045	.210	5.220	.000
	Emotional Value	.352	.045	.327	7.805	.000

a. Dependent Variable: DV5

In addition, when looking at aware non-user and non-aware groups, it is quite interesting that the top three (03) reasons for not participating are that they are concerned about personal safety and security, they are not willing to share or use belongings from strangers and they do not understand on sharing economy concept. Two of them are linked to emotional value. Those top two are again linked to emotional and functional value.

4.1 Findings from Interviews with Experts, Business Owners, Customers, and Officers

Perceived benefits	Description	Shared by
Functional benefits	<ul style="list-style-type: none"> - Bring convenience for customers, not limit in terms of time and space. - Helpful, utilize underused resources in society, bringing economic and functional values to manufacturers, businesses, and users. - Brings with its convenience, timing, and money efficiency. - I really like sharing economy application because it is so convenient. 	<ul style="list-style-type: none"> - Huy Nguyen, Larion Business Solutions Co. - Hung Luong, Intellectual Property & Innovation Magazine - Hang Pham, Strategic Planning Manager - Phong Pham, a 32-year-old customer
Economic benefits	<ul style="list-style-type: none"> - High economic value for users with lower prices and providers with additional income. - Reduce costs, and increase the highest efficiency and resource utilization. - Better price, better quality for users, generate savings for the economy. - Helps to reduce transaction costs for consumers and helps sellers access a large number of customers using a digital platform. - Helps to save time and money especially when traveling. 	<ul style="list-style-type: none"> - Thang Nguyen, Lien Viet Post Bank - Vu Nguyen, Resource Development and Management Academy - Chinh Phan, GESO Business Solution Ltd. - Thanh Do, Golden Lion Textile and Garment - Quang Pham, a 35-year-old customer

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Perceived benefits	Description	Shared by
Social benefits	<ul style="list-style-type: none"> - Help people to adopt new trends and lifestyles. - Refelction of new trend of society. - Easy to create an exciting community and create values for the community and society. - Socially engaged and easily make a friend. - Enjoyable given most of my friends are using it as well. 	<ul style="list-style-type: none"> - Hang Pham, Strategic Planning Manager - Duy Doan, Cu Chi Investment JSC - Tong Do, Electric and Mechanical Engineering Association
Economical benefits	<ul style="list-style-type: none"> - Brings to users the feeling of being at home, not lonely when overseas. - Shared transport is not only cheaper, but also brings happiness when sitting in a car feeling like a home car and chit chat with drivers. - Saved a lot of costs in transportation. Uber and Grab cars are better than a taxi. 	<ul style="list-style-type: none"> - Loan Nguyen, Sanofi Pharmaceutical Co. Ltd - Hoa Pham, frequent users of Airbnb and Grab - Tran Nguyen, a 40 year-old-customer
Other benefits	<ul style="list-style-type: none"> - Better qualities - More jobs, reduce unemployment - Able to optimize all the idle resources to provide service, and products at a cheaper cost. - Scalable - Ecosystem 	<ul style="list-style-type: none"> - Thinh Vu, Country Manager of Lazada Express (an e-commerce platform invested by Alibaba Group) - Other interviewees

4.2 Discussion Form the Vietnamese Perspective

During the interview, the participants shared their insights relating to economic, functional emotional, and social values in sharing economy.

Functional Value: Some interviewed experts claimed that in the sharing economy, functionally, customers care the most about convenience (i.e., timing, location, the flexibility of booking schedules, etc.), and problem-solving features (i.e., 24/7 responses, detailed instructions on service, professional quality of service, etc.). Sharing-model services are identified as a flexible form of consumption that provides customers with functional benefits. For example, they pointed out that tenants' access to local residential areas is a functional benefit of Airbnb accommodation providers.

Economic Value: This value category is highly noticed by all respondents. They suggest this is one of the key reasons why sharing economy is growing and entrepreneurs should focus on it when developing the business model. The sharing economy becomes more and more popular thanks to its economic benefit. Particularly, the business model is much less costly because it transforms purchasing and owning to sharing the ownership

of products/services. Financial benefits are found to be a key that drives the sharing economy. All respondents reported that they benefited from “good deals” in the sharing economy with much cheaper prices compared to the related traditional business model. And it was proved that the price competitiveness of sharing business providers, such as Airbnb, fosters customers’ value and repurchase intention.

Social Value: Some respondents indicate that perceived social value in the sharing economy environment, such as widening social relationships with customers/service providers, yields high trust and satisfaction in the consumers’ minds. The sharing economy usually gains social value from both online and real-world platforms. Online sharing business platforms serve as means of social e-commerce. This digital platform provides a tool for peer-to-peer interactions, stimulating the use of sharing economy [4].

At the same time, taking Airbnb apartments as an example of the sharing-economy real-world settings, travelers have more opportunities to widen social relationships with a wide range of people including accommodation hosts and other tenants [16]. In many cases, hosts offer extra services such as sharing food or rides with their guests or accompanying them as local guides. In this way, the social value of sharing economy is strongly boosted.

Emotional Value: participants of the interview highly value the feelings of pleasure and surprise during sharing economy activities. Meanwhile, tenants enjoy the comfort and pleasant feeling of having affordable accommodation together with other utilities such as good food and snacks prepared by the hosts. Some respondents confirmed that staying with Airbnb hosts feels like being at home more than at a hotel, which fulfills their emotional value. And this value dimension is satisfied from both sides of the business, both product/service providers and consumers [14]. Survey results that one of the top reasons why Vietnamese select sharing economy services/products and go back to using it are because it brings them feelings of happiness, friendliness, and comfort. On top of that, they also choose because of the flexibility and convenience. This raises an important point for sharing providers that in order to boost this further, providers, and entrepreneurs should start looking at an alternative and innovative way to raise customer experience, not just fast and cheap. If entrepreneurs/providers are successful in bringing emotional value to customers, they will introduce this faster than any ads and come back more often. Sharing is caring [14]. The better the companies can do, the better position the companies can transform today’s threat of the sharing economy into tomorrow’s opportunity when they can gain customers’ appetite, trust, and love.

Top three sharing economy products/services Vietnamese use the most are car/transport sharing, used goods trading, and accommodation sharing. On the other side top reason for those who still hesitate to participate in this segment is the concern for safety and security. They also hesitate to share their belongings with strangers. Survey results also review that trust is very critical with Vietnamese customers. They can leave sharing economy when they do not trust the providers. Functional challenges such as account creation time and convenience customers face when participating in the platform also make them leave sharing economy.

Surprisingly, the research results cast doubt on the common belief that economic value (financial benefits) is the most important factor that affects consumer choice of using sharing economy services. On the other hand, economic value doesn’t significantly

affect the attitudes towards consumption but positively affects behavioral intention. Furthermore, this study's findings show that functional values support expanding the practice of sharing business.

Some economic experts assert that the main barriers to the sharing economy in Vietnam are around regulation, infrastructure, and trust in the e-commerce platform. The current regulation does not accommodate the implications of the technologies to the sharing economy products/services. Being supported by Prime Minister Nguyen Xuan Phuc who is urging all government departments to act, Vietnam is trying to keep pace with rapid changes in this area. However, controlling such new and might-be disruptive economic models is still a big challenge for Vietnamese regulators and policymakers. Infrastructure could also act as a barrier. Promoting the development of sharing economy within a proper framework of governance helps encourage innovation and revolution, enhance resource efficiency, improve budget revenue, as well as offer customers diverse choices [13]. It should be noticed that regarding sharing economy, international experience has shown that there is no overall regulation on all matters of this business model, but separate regulations and policies could be imposed on different sectors of the sharing economy [13]. Trust is another indispensable element in the sharing ecosystem. This relates to the ethic of secure treatment, storage, and use of personal data by the parties offering the shared products/services [10].

On the other hand, the Vietnamese are not yet so sensitive to this area yet. This may be a barrier, but also an advantage at this stage versus other mature economies. The competition against the 'sharing economy' even made traditional businesses reduce their workers' benefits and might worsen the country's socio-economy in the long run [12]. This, once again, highlight the urgent need for more detailed and effective regulations in the era of sharing economy [13].

4.3 Implications

The research results are in line with the findings of existing literature in relation to socio-psychological that, at a certain stage, customers are driven more by their emotional needs rather than financial needs, to make decisions [3]. Moreover, the research results agree with the related decision-making theories and pricing theories that economic concerns (such as value for money, and competitive prices) and functional benefits (such as convenience, and flexibility) are the driving elements in the sharing economy environment. Vietnamese customers can drop sharing economy products/services if functional and economic values are poor even if they love the product/service. More than that, this study found that in sharing economy, emotional value is perceived as even more motivating and more important than economic and functional values in order to stimulate consumer repurchase intention. These findings support existing literature in related fields that positive emotion yielded from the shared products/services is sometimes more competitive and meaningful than other values [9]. In the digital commerce sector, pleasant emotions and a convenient atmosphere usually serve as key factors that stimulate consumer participation and build trust.

In the Vietnamese market, the sharing economy has been booming rapidly whose revenues increasing by 20% annually [15]. Regarding this huge potential, business values in this sharing-pattern economy are critical to evaluate. The research findings provide

valuable implications to enterprise leaders and experts in the fields. To begin with, the most noticeable finding is that in sharing economy environment, consumer perceived emotional value is the most significant factor that drives consumer purchase intention, followed by a functional value. Meanwhile, economical and emotional pose less impact on the purchase intention. Keep this in mind, this research provides a framework to drive customer intentions in the Vietnamese sharing economy. In order to keep competitive advantages, practitioners should, firstly, communicate emotional value, and then the functional, economic, and social values of their products/services to customers. In other words, sharing enterprises are advised to create a joyful interaction with customers, and give them a convenient and user-friendly experience. Businesses/providers of the product or service should put understanding consumers' emotional needs and perceived values as the primary mission. Besides, businesses/providers should price their products/services competitively while also emphasizing functional support. Given that sharing economy is still in its introduction phase in Vietnam, and digital technology is a key facility for its improvement [12], technological innovation in business models is increasingly important. Therefore, the findings can be inspiring for start-ups, entrepreneurs, and pioneers of the sharing economy when they develop, implement, market, and deliver their business passions. Policymakers play an important part in addressing legal constraints, social impacts, and infrastructures such as credit cards, road systems, and online payments for sharing economy to boom in Vietnam.

4.4 Limitation and Future Research

As mentioned in the literature review, there is a lack of research on sharing economy in the Vietnamese context, which is emerging for further research. The concept of sharing business model is mainly studied as a newly introduced phenomenon in journals and books. In fact, there are many studies on sharing economy and customer values in the world. However, each of these studies conducts in a certain field such as accommodation sharing, vehicle sharing, crowdsourcing, etc. Each of them also comes up with a different tested framework. Therefore, it is challenging to confirm a general theoretical measurement of the sharing economy. This research seeks to discover from the Vietnamese customer perspective in general meaning. In addition, the majority of respondents and experts are from Ho Chi Minh City (73.5%), and the perspective may reflect more on the South of Vietnam. It is worth doing another research on which sectors will grow faster, what regulation is needed to boost the growth in Vietnam further, and what is the impact of and possibility of a bad experience from the customer's perspective.

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