

Factors Influencing Consumer Trust Based on Sharing Economy: A Case of Chongqing, China

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Received September 2, 2021 & Revised September 25, 2021 & Accepted December 17, 2021

Abstract

The research article names Factors Influencing Consumer Trust Based on Sharing Economy: A Case of Chongqing, China was the objectives of this study i.e., to study the influential factors of consumer trust based on sharing economy, and to find out what factors influence on consumer trust based on sharing economy in Chongqing, China. Consumers trust model in the sharing economy environment is established, and the hypothesis of the relationship between model variables is proposed, and survey questionnaire was used to collect the data from 400 consumers. The research employed One-way ANOVA and multiple regressions to test variables and to test hypothesis. The results from this study revealed that consumer trust propensity, consumer personal perception and experience, perceived quality, perceived price, platform reputation and platform ease of use, platform responsiveness, sharer credibility and government regulation have significant influence on consumer trust.

Keywords : 1. Consumer Trust, 2. Influencing Factors, 3. Sharing Economy

1. Introduction

Sharing economy plays an important role in promoting the global development. Fueled by the Internet and mobile technology, the sharing economy has emerged as a game-changing phenomenon of the 21st century, influencing consumer behavior worldwide. More and more people are willing to share resources including housing, travel, bicycles and other services with others through the Internet. Sharing economic activities have many typical characteristics, among which low cost, low threshold and low pollution. It can effectively save energy and reduce emissions, while high efficiency, high experience and high credibility can promote economic development. The sharing economy has injected new impetus to the development of the world economy. The rapid development of the sharing

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economy can contribute to the economic development, optimize the existing industrial structure, and contribute to the construction of a new information age network.

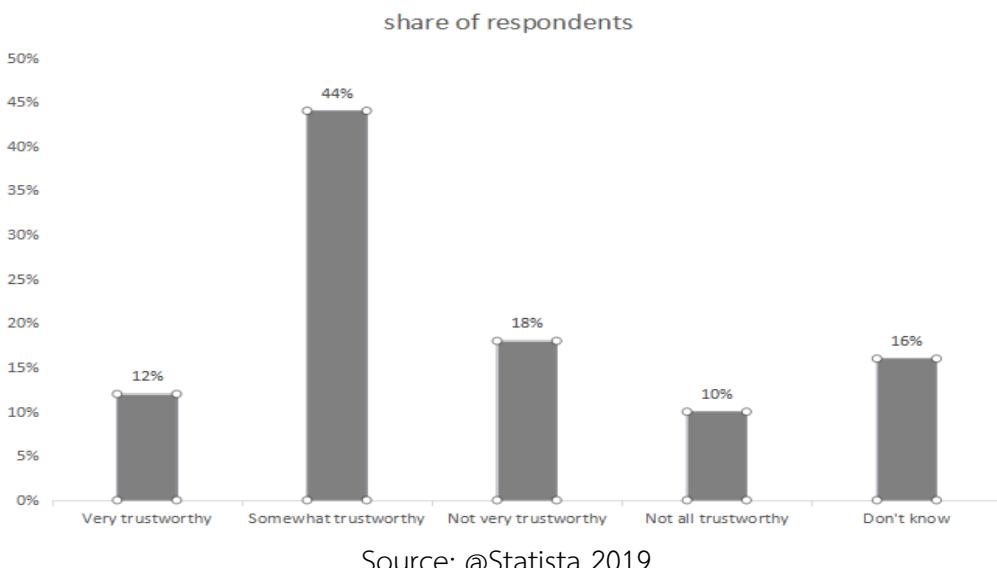
As shown in Table 1.1, the transaction volume of China's sharing economy in 2018 reached 2.942 trillion Yuan, an increase of 41.6percent over the previous year. In terms of market structure, sharing economy transactions in the three areas of life service, production capacity and transportation ranked the top three, with 1,589.4 billion Yuan, 823.6 billion Yuan and 247.8 billion Yuan respectively. In terms of the growth rate, the three areas of production capacity, Shared office space and knowledge and skills saw the fastest growth, with year-on-year growth of 97.5percent, 87.3percent and 70.3 percent respectively. In 2018, there were about 760 million participants and 75 million service providers in China's sharing economy, up 7.1 percent year-on-year. The number of employees on the platform was 5.98 million, up 7.5percent year-on-year.

Table 1 2017-2018 China's Sharing Economic Development (unit: 1billion Yuan)

Category	2017 (Year)	2018 (Year)	Growth rate
Sharing Traffic	2010	2478	23.3%
Sharing Space	120	165	37.5%
Knowledge and Skills	1382	2353	70.3%
Life Service	12924	15894	23%
Sharing Medical	56	88	57.1%
Sharing Office	110	206	87.3%
Production Capacity	4170	8236	97.5%
Sum	20772	29420	41.6%

Source: 2019 China's Sharing Economy Report

This statistic depicts the extent to which people in the United States consider sharing economy services trustworthy in 2019 (Figure 1). During the survey, 18percent of respondents stated that they consider sharing economy services to be not very trustworthy. There are 44 percent of respondents somewhat trustworthy who trust the sharing economy. 18 percent of respondents don't very trust the sharing economy, 10 percent of respondents don't trust the sharing economy at all, and 16 percent say they don't know the sharing economy. The survey was based on sharing economy services including Uber, Lyft, Airbnb and Home Away.



Source: @Statista 2019.

Figure 1 Trustworthy Ratio of the U.S. Sharing Economy in 2019

Consumers are willing to use them and pay a certain economic cost to get the idea and behavior of the transaction. In this way, consumers can quickly integrate and use sharing economic forms in various fields. Therefore, in sharing economy, the trust between the sharer and the consumer is the necessary condition and premise of transaction. With the core foundation of trust, it is possible to realize the sustainable and steady development of sharing economy. The perfect trust system between the two sides is the key. Consumers have more trust problems in shopping network, and the problem of trust is particularly urgent and prominent in sharing economy. Therefore, what factors of the sharing economy do consumers associate with their trust in? This study will make an in-depth study of this problem.

2. Research Objectives

- (1) To study the influential factors of consumer trust based on sharing economy.
- (2) To find out which factors influence on consumer trust based on sharing economy in Chongqing.

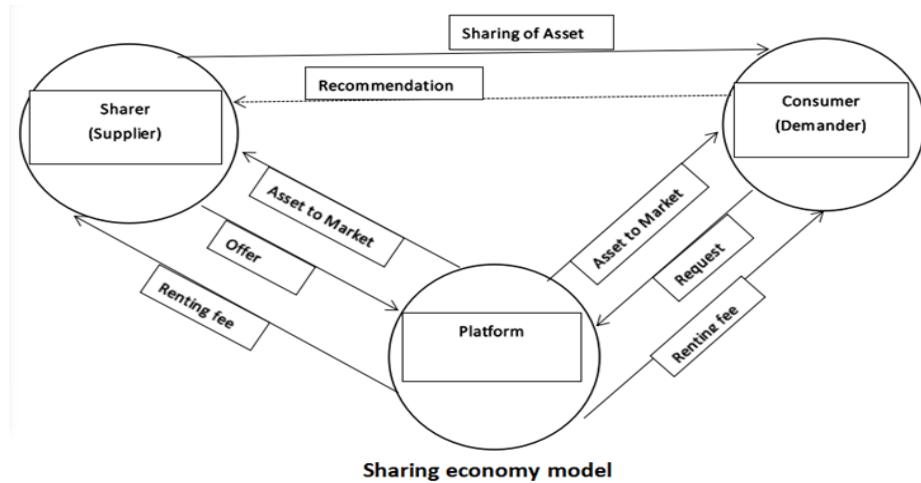
3. Literature Review

As early as 1900, Simmel defined trust in his book “*The philosophy of money*”. Simmel believes that trust is reflected in all aspects of our interpersonal communication. If there is no trust, no communication can be carried out, and trust can also be considered as a gamble with risks. Morgan and Hunt (1994) put forward that trust is an important concept in relationship marketing, which has gradually attracted wide attention from managers and scholars. Since marketing is a concept involving consumers, we call the trust in marketing as consumer trust. Consumer trust is often defined by scholars as a belief and

intention. Mayer etc. (1995) believed that trust refers to the belief that the recipient will take satisfactory actions and be willing to take risks caused by the recipient's bad behaviors regardless of whether the recipient has control over the recipient or not. McKnight and Loper, (2002) pointed out that trust refers to the degree to which the other party can satisfy itself in terms of ability, benevolence, integrity and predictability, which includes trust belief and trust intention.

3.1 Sharing Economy Model

Sharing economy means "What is mine is yours, for a fee in "The Economist". It is becoming more and more popular across all kinds of assets: flats, cars, transportation, tools. The most common revenue model of the platform provider is to charge a service fee for the matchmaking service as figure 2 below:



Source: Business model toolbox.

Figure 2 Sharing Economy Model

Sharing economy comes from three theories: collaborative consumption, transaction cost theory and multilateral platform theory. The sharing economy comes from collaborative consumption. Felson and Spaeth first talk about "cooperative consumption", regarding it as an effective integration of the demand side and the supply side, which can make more efficient use of social resources (Felson & Speath, 1978). However, due to technological constraints, this economic model did not develop at that time. Botsman and Rogers (2010) believe that collaborative consumption is an activity that transcending ownership to obtain services and products, and will enjoy services and products through partial ownership. Consumers who are free from the trouble and risk of permanent ownership are called trans-formative consumers.

Transaction cost theory is the second theoretical source of sharing economy. Transaction Costs refer to the Costs paid by people who voluntarily communicate and

cooperate with each other in a certain social relationship, which is also known as human-to-human relationship Costs (Feng Yujun2001). It corresponds to the general production cost (human-nature relationship cost). There are human exchange activities. There will be transaction costs. It is an integral part of human social life.

3.2 Technology Acceptance Model

Venkatesh and Davis (2000). proposed technology acceptance model (Figure 3). TAM evolved from TRA. Davis' model of technology acceptance (Davis, Bagozzi, & Warshaw, 1989) is the most widely used model of user acceptance and use of technology. The emphasis of the technology acceptance model is the acceptance degree of users to the information system. At the same time, it studies the antecedents that affect users' behavior and motivation, and puts forward the perceived usefulness and perceived ease of use. TAM model holds that the user's use is determined by the user's motivation, which is jointly determined by the individual's attitude towards the use of the system and other system factors.

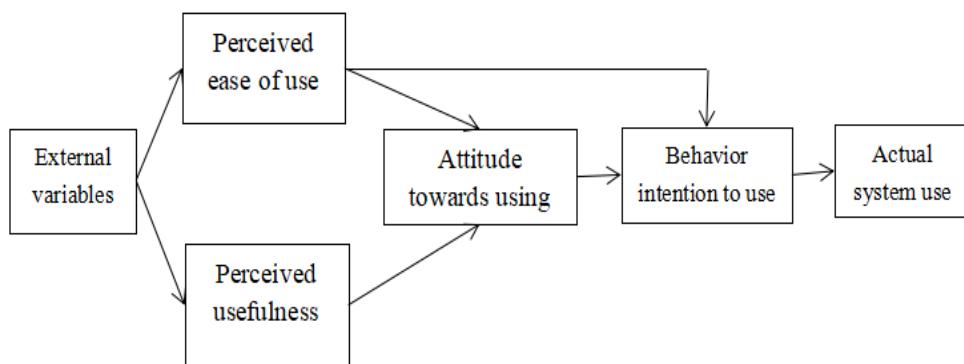


Figure 3 Technology Acceptance Model

Through the above analysis, previous researchers have mostly studied the influencing factors of consumer trust from one aspect or several aspects, but rarely comprehensively studied them. We found the following:

Firstly, sharing economy is gradually recognized and accepted by consumers. At present, scholars research in the field of sharing economy mainly focus on the definition of sharing economy concept, operating mode of sharing economy, development status, existing problems, countermeasures and future development trend. However, there is a lack of research on the factors of consumer trust based on sharing economy, both theoretical and empirical.

Secondly, the development of the sharing economy in specific industries in China has just started, and experts and scholars do not have extensive research on this. Although relevant research results in the field of e-commerce trust can be used for reference, these

theories still need to be further improved based on the current situation and development characteristics of China's sharing economy.

Finally, with the deepening development of the sharing economy, how to make consumers trust and use this new economic model has become a hot issue. Therefore, it is necessary to consider all subjects of the sharing economy based on existing literature, study the influencing factors of consumers' trust based on sharing economy, and conduct empirical analysis.

To sum up, we can find that the factors influencing consumer trust can be mainly summarized as consumers factors (Trust Propensity, Perception and Experience), product factors (Perceived Price, Perceived Quality), platform factors (Platform Reputation, Platform Ease of Use, Platform Responsiveness), sharer personal factors (Sharer Credibility) and social factors (Government Regulation).

4. Research Hypothesis

H1: There is a significant relationship between Consumer Factors and Consumer Trust based on sharing economy.

SubH1a: There is a significant relationship between Consumer Trust Propensity and Consumer Trust based on sharing economy.

SubH1b: There is a significant relationship between Consumer Perception and Experience and Consumer Trust based on sharing economy.

H2: There is a significant relationship between Product Factors and Consumer Trust based on sharing economy.

SubH2a: There is a significant relationship between Perceived Quality and Consumer Trust based on sharing economy.

SubH2b: There is a significant relationship between Perceived Price and Consumer Trust based on sharing economy.

H3: There is a significant relationship between Sharing Platform Factors and Consumer Trust based on sharing economy.

SubH3a: There is a significant relationship between Sharing Platform Reputation and Consumer Trust based on sharing economy.

SubH3b: There is a significant relationship between Sharing Platform Ease of Use and Consumer Trust based on sharing economy.

SubH3c: There is a significant relationship between Sharing Platform Responsiveness and Consumer Trust based on sharing economy.

H4: There is a significant relationship between Sharer Factors and Consumer Trust based on sharing economy.

SubH4a: There is a significant relationship between Sharer Credibility and Consumer Trust based on sharing economy.

H5: There is a significant relationship between Social Factors and Consumer Trust based on sharing economy.

SubH5a: There is a significant relationship between Government Regulation and Consumer Trust based on sharing economy.

5. Conceptual Framework

Conceptual framework of this study is put forward based on the above mentioned hypotheses as Figure 4.

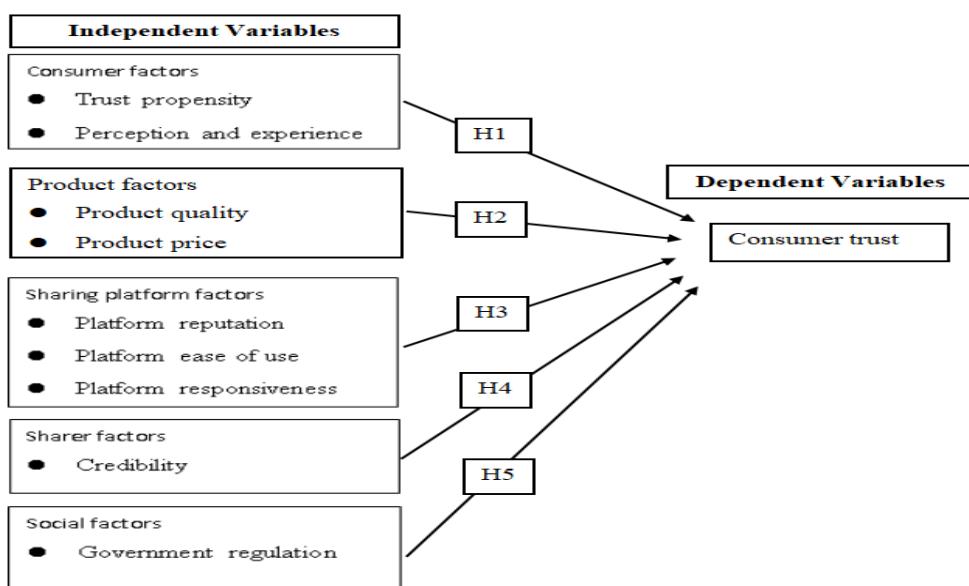


Figure 4 Conceptual Framework of Influential Factors on Consumer Trust based on sharing economy.

6. Research Methodology

Based on the predecessors' theory and research results, this research is a quantitative research design. The rationality of the questionnaire question was verified through expert interviews and pre-tests. The survey was submitted on wjx.cn, China's best online survey site. And through WeChat, QQ and other tools will be sent to the respondents to fill in the questionnaire link.

The questionnaire is designed based on the research conceptual framework which is developed from TAM, and past researches on consumer trust. After assessed by experts, the questionnaire is sent to 30 consumers as a trial to test the questionnaire reliability using Cronbach's alpha to test. Some modifications are made according to the pretest and final version of the questionnaire is developed. Some modifications are made based on the forecast results and a final questionnaire is prepared.

This questionnaire survey is mainly distributed online questionnaire. The research object is online consumers, so it is reasonable to collect research data through online questionnaire survey. The survey has been submitted in the best online survey website in China called wjx.cn. Most questionnaires contacted respondents through WeChat, QQ and other online channels. Colleagues and friends with trading experience on the sharing platform should reply online and send them to the mailbox for centralized collection, to avoid external interference when respondents fill in the questionnaire and collect the questionnaire data uniformly. In order to arouse the enthusiasm of the participants in the questionnaire, “red envelope” rewards were given at the same time. In the end, a total of 476 questionnaires were collected, and the remaining 450 questionnaires were valid, with an effective recovery rate of 94.5 percent, excluding the questionnaires with obvious incompleteness, omission and error, etc.

7. Research Results

We have carried out reliability analysis and validity analysis. To sum up, all the value of Bartlett's test of sphericity is significant ($p<0.001$, $p=0.000$), all KMO measures are more than 0.7. It means that Bartlett's test of sphericity and the KMO measure of sampling adequacy are both tests that can be used to determine the factorize ability of the matrix. Therefore, it is appropriate to process Factor Analysis to validate factors that affecting each dimension.

The figure means the portion of each variable's variance that can be explained by the retained factors. The figure of component matrix states the correlations between the variable and the factor. The minimum accept value of this figure is 0.6 and, in this case, all the figures are higher than 0.8. It means that in each group, the variables could be considered belonging to the same factor. As the result, in all of groups, only one dimension was extracted that validate the study proposed.

Table 2 The correlations between the variable and the factor

Trust Propensity (TP)	0.726 p<0.001, p=0.000	79.919	TP1	0.893	0.893	Only one component was extracted
			TP2	0.918	0.918	
			TP3	0.869	0.869	
Perception and Experience (PE)	0.712 p<0.001, p=0.000	77.774	PE1	0.847	0.718	Only one component was extracted
			PE2	0.912	0.832	
			PE3	0.885	0.783	
Perceived Quality (PQ)	0.734 p<0.001, p=0.000	79.484	PQ1	0.871	0.759	Only one component was extracted
			PQ2	0.906	0.82	
			PQ3	0.897	0.805	
Perceived Price (PP)	0.748 p<0.001, p=0.000	83.955	PP1	0.911	0.831	Only one component was extracted
			PP2	0.931	0.867	
			PP3	0.906	0.821	
Platform Reputation (PR)	0.744 p<0.001, p=0.000	82.285	PR1	0.898	0.806	Only one component was extracted
			PR2	0.892	0.796	
			PR3	0.902	0.814	
Platform Ease of Use (PEU)	0.736 p<0.001, p=0.000	81.426	PEU1	0.886	0.784	Only one component was extracted
			PEU2	0.899	0.809	
			PEU3	0.922	0.85	
Platform Responsiveness (PRS)	0.735 p<0.001, p=0.000	79.088	PRS1	0.878	0.771	Only one component was extracted
			PRS2	0.904	0.818	
			PRS3	0.886	0.784	
Credibility (C)	0.75 p<0.001, p=0.000	86.215	C1	0.916	0.839	Only one component was extracted
			C2	0.945	0.893	
			C3	0.924	0.854	

Table 3 Hypotheses Testing Results

Hypotheses			Testing Results
SubH1a: There is a significant relationship between Consumer Trust Propensity and Consumer Trust based on sharing economy.			Accepted
H1 SubH1b: There is a significant relationship between Consumer Perception and Experience and Consumer Trust based on sharing economy.			Accepted
H2 SubH2a: There is a significant relationship between Perceived Quality and Consumer Trust based on sharing economy. SubH2b: There is a significant relationship between Perceived Price and Consumer Trust based on sharing economy.			Accepted
H3 SubH3a: There is a significant relationship between Platform Reputation and Consumer Trust based on sharing economy. SubH3b: There is a significant relationship between Platform Ease of Use and Consumer Trust based on sharing economy.			Accepted
SubH3c: There is a significant relationship between Platform Responsiveness and Consumer Trust based on sharing economy.			Accepted
H4 SubH4a: There is a significant relationship between Sharer Credibility and Consumer Trust based on sharing economy.			Accepted
H5 SubH5a: There is a significant relationship between Government Regulation and Consumer Trust based on sharing economy.			Accepted

To sum up, Trust propensity, Perception and Experience, Perceived Quality, Perceived Price, Platform Reputation, Platform Ease of Use, Platform Responsiveness, Credibility, Government Regulation have significant relationship with Consumer Trust. The influencing factor model of this study is shown in figure 5.

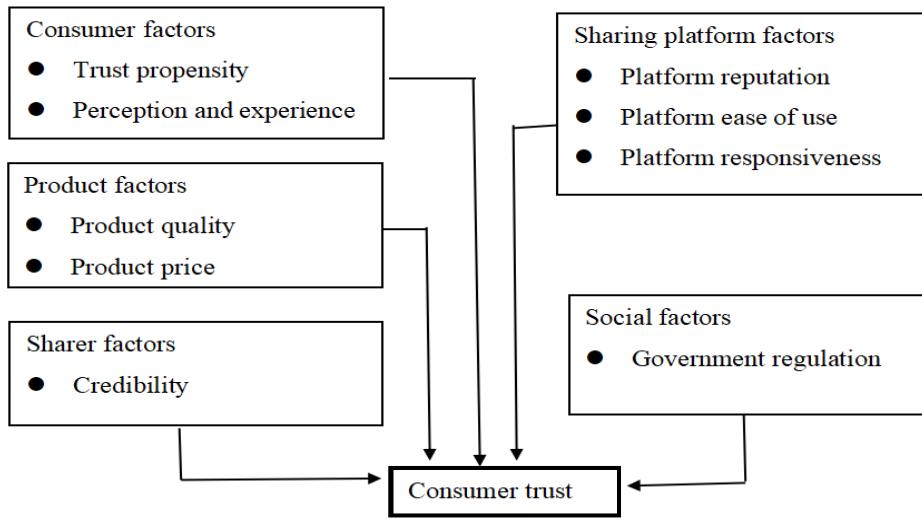


Figure 5 Research Results Model

8. Conclusion

Developed from TAM Model and past studies on sharing economy, this study tries to explore the factors influencing consumer trust based on sharing economy: a case of Chongqing, China with quantitative analysis.

This study starts from conceptual framework design, based on which a questionnaire is developed for collecting data. This study uses factor analysis and regression model to test the framework with the information collected. The purpose of this study is to help government and sharing business make strategy to enhance consumer trust, understand the focus of consumer demand for products and services, improve service quality, and transform more potential consumers into actual consumers.

The results from the research revealed that majority of the respondents were males 238 persons (52.9 %), held bachelor degrees 274 persons (60.89%), ages were between 18-24 years old 200 persons (44.4%), occupation was full-time Student 206 persons (45.8%), income was 5001 Yuan above 190 persons (42.2%). And Didi 414 people (92%) and Uber 94 people (20.9%) in the field of transportation sharing industry were the sharing economic platforms frequently used by respondents. Among the respondents, 214 persons (47.5%) have been using the sharing platform for more than 2 years. In terms of frequency, 232 persons (51.6%) used it less than once a month.

The number of males in the effective sample is 238 and the number of females is 212, with a ratio of 1.12:1. From the perspective of age, the users of the sharing economy platform are mainly young people. This is basically consistent with the age distribution of Internet users in the 43rd China Internet development statistical report and 2019 China's sharing economy report. Therefore, the sample gender and age structure meet the requirements. The respondents' educational background and undergraduate education account for 86.2 percent of the total number of samples, indicating that the people with higher education use the sharing economic platform more frequently, which may be that the people with higher education can easily accept sharing new things. Better ability to receive services. From the perspective of respondents' monthly income, there are more low-income groups, and students account for the majority. In addition, high income also accounts for a large proportion. College students and white-collar workers are the main force of the sharing economy in the market. The sample data meet the requirements in terms of occupation.

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