Luxury sharing

The effects of sharing economy on the luxury industry

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Abstract

Extensive academic literature regarding the sharing economy and luxury branding exist, however, no literature addresses the intersection of both. This paper aims to gain a deep understanding of the phenomenon of luxury sharing, through a quantitative exploratory research.

The consumer perception of luxury sharing businesses is explored, in order to comprehend the impact of the sharing economy on the demand of luxury consumption. Moreover, an analysis of some successful luxury sharing business models will be carried out to identify a pattern for solid business performances of luxury sharing initiatives. The findings show that consolidated luxury brands should not necessarily regard the sharing economy as a threat, and they highlight that luxury brands can benefit from the sharing economy in different ways. In fact, despite the notional clash between the sharing economy and the concept of luxury, implementing a sharing service can be a successful strategy for a luxury brand, if the right precautions are taken.

Since the field of luxury sharing has been recently established, it has not been adequately examined by academic literature. Hence, this thesis can serve as a starting point for further research on the topic.

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Chapter 1: Introduction

1.1 Problem statement

Although sharing is a social phenomenon that finds his roots in the ancient times (Belk, 2010), the concept is currently being extensively analyzed. In fact, a tremendous growth of Web 2.0 technologies has led to the explosion of the 'sharing economy' (Belk, 2014). Even if the term has become popular, scholars have not been able to find an agreement on a universal definition of the sharing economy, but they have just outlined the concept and the subsequent consequences of its existence. The notion encompasses a heterogeneous field and includes an extensive amount of organizational forms, ranging from for-profit to non-profit initiatives (Acquier, Carbone and Massè, 2016; Schor, 2014). The sharing economy is grounded on the idea that all the resources necessary for the human race to survive have already been produced or are already existing in nature; however, a portion of these resources is being wasted or used inefficiently (Sundararajan, 2016). In the traditional capitalist model that conducts the developed countries, individuals own goods. If they want to drive to work, they need to buy a car. This is called personal consumption. On the other hand, the sharing economy is built on the concept of collaborative consumption. This is a model where only a few people are the owners, but other people can pay for the opportunity to borrow their goods. This concept has been outlined as a monetized form of sharing (Botsman and Rogers, 2010). If someone seldomly uses his car, the value of the car is being dissipated. Thus, collaborative consumption is a way for owners to make money from underused assets (The economist, 2013). Although there are several reasons why the sharing economy is a positive phenomenon, some scholars view it as an alternative to market capitalism (Schor et al., 2016). Others think that it is not competing with capitalism, rather it is boosting its growth (Richardson, 2015). The possibility of sharing physical goods can be a win-win solution both for the owners of the goods that are shared and for the 'customers' that borrow those goods. As a matter of fact, the owners of the goods are making money on an asset that sits idle and the 'customers' are willingly renting those goods and utilizing them as much as they need.

In the context of sharing economy, the future of the luxury industry is a very sensitive topic as the theoretical foundations of this industry completely collide with the ones driving the sharing economy. Luxury brands have always been distinguished by elevated prices and exclusivity (Keller, 2009), while the sharing economy is based on leveraging sunk costs, lowering prices and increasing market access (Botsman and Rogers, 2010). Notionally, sharing platforms seem incongruent with luxury brands. Therefore, scholars and researchers have not found a unique way to rationalize the potential outcomes of luxury branding in the sharing economy. Entering in the sharing market, a luxury brand would face the risk to be perceived as accessible and squander all its exclusive appeal. Looking for an ample share of customers can be lucrative, but luxury goods manufacturers would lose the interest of their loyal customers and ruin the brand reputation. For a long time, luxury brands have dedicated their efforts to be perceived as scarse and out of reach. Many of them, such as Louis Vuitton, are still fighting against the problem of counterfeiting, which mainly consists in fake copies of their handbags that populate all the street markets around the globe, undermining the brand image (Prendergast, Chuen and Phau, 2002). In the 1970s, Burberry's reputation experienced a setback when the brand became "*a caricature for Englishness and a favorite souvenir for foreign tourists",* as it started to be profusely used by a distinct type of working-class youth in the United Kingdom and became associated with antisocial behaviors (Lorange, 2010, p. 78). This example clearly demonstrates that top-end luxury brands run the risk of over-exposing themselves if they try to enlarge their customer base too much expanding into the mass market, and they should always find new ways to keep their luxury status and maintain their credentials (Kapferer and Bastien, 2009).

However, the establishment of the sharing economy paradigm is leading to a weakening appeal of materialistic wealth and a growing intolerance for extravagant consumerism and this trend is smoothening the ultra-hedonistic type of luxury indulgence and is bringing customers to inspect and examine some of their luxury aspirations (Yeoman and McMahon-Beattie, 2010). As a consequence, many new business models are being tested by startups operating in the sharing economy and these are gradually making luxury less deafening and ostentatious. An ample share of these business models is trying to democratize the idea of luxury and to make luxury ubiquitously available for rent. www.bagborroworsteal.com has been the first website to introduce the concept of borrowing luxury products and it has been leading a revolution in the way consumers shop for designer products and luxury goods since 2004 (Yeoman and McMahon-Beattie, 2010). The existence of such business models based on the rental of luxury goods allows a wider group of consumers to appreciate and be part of the luxury lifestyle, without the concrete need to afford and own any item (Yeoman, 2014). For both accessibility and emotional reasons, some consumers are starting to refuse the idea of owning luxury items, because they know it is simpler to rent them. This trend reflects a shift in the consumer sentiment toward the physical possession of luxury items, because luxury sharing allows them to occasionally experience a luxury lifestyle without paying the full, often unaffordable, price (Yeoman and McMahon-Beattie, 2010).

1.2 Scope and delimitation

The intrinsic existence of the thesis lays upon the lack of previous research on the investigated topic. In fact, the literature is abundantly concerned with largely enlightening luxury branding practices and describing the phenomenon of sharing economy. Thus, it fails to address the combination of these two areas and to inspect them together as a new and unique field of research. Since the amount of companies entering the luxury sharing industry is booming, this thesis aims to expand the academic knowledge of this business. The field of research is pristine and completely unexplored; hence, this thesis will touch several contiguous sub-topics, ranging from the identification of some successful luxury business models of active startups in the sharing economy to the formulation of some assumptions regarding consolidated luxury brands who want to enter the sharing economy.

The main purpose of this thesis is to provide an initial base for future research on luxury sharing as well as to give some guidelines about positive business practices to be adopted and to point out negative consumer behaviors that companies should seek to hinder. A section of this thesis will analyze the profitability, the cost-effectiveness and the future potentials of different business models adopted by luxury brands in the sharing economy. To do so, different business models will be explored, through an empirical examination of successful companies that are operating in this field. The scrupulous analysis of the aforementioned business models is not only finalized to the comprehension of the emerging market of sharing-based luxury startups. In fact, it will also help to identify which offensive strategies should well-known luxury brands undertake to compete in the sharing economy and which defensive strategy they should adopt to avoid losing market share in favor of smaller competitors. However, this paper does not seek to explain the process of building a sharing economy platform from scratch and the architectural decisions will not be a focus. In relation to the business model breakdown, this paper does not want to predict if some companies will have a brighter future than the others, but only wants to show how the adoption of determinate business model dimensions impacts on the competitive performance thereof.

1.3 Research question

Sharing economy trends have the potential to radically change the luxury industry in the next decade, if the consumer mindset and his purchasing attitude are going to shift towards luxury borrowing. Many new startups are entering the luxury sharing industry with different business models and distinctive product offerings. In the long term, these innovative organizations might initiate a groundbreaking revolution in the luxury industry and even challenge the market leadership of notorious luxury brands. This thesis will widely assess the future of the luxury industry and its reaction to the business model innovations brought by the global expansion that the sharing economy is facing. In particular, it will try to outline the role of consolidated luxury brands in the current marketplace. In fact, established luxury brands have to power to revolutionize the sharing economy, but there is an underlying ambiguity about the strategy they should pursue to achieve positive results. Hence, the main research question states:

RQ: How would a consolidated luxury brand benefit from a sharing-based business model?

This question will be answered thanks to a thorough analysis of two sub-questions, that will help through the discussion of two eminent topics in the modern luxury sharing literature about business model innovation. Cutting-edge business models have a pivotal role in the growth of these luxury sharing services because they are changing the consumer behavior. Scholars and researchers have lengthily discussed theories about business models in the sharing economy, however there is a prominent gap in the literature in regard to the analysis of sharing-based business models in the luxury industry. Various luxury sharing business models have come into existence in the last decade, so it is necessary to exhaustively scrutinize a share of these models to gain significant insights on the most profitable and successful ways of doing business. Therefore, an essential subject to be addressed in order to answer to the aforementioned research question is:

SQ1: What are the most employed types of sharing-based business models targeting the luxury segment?

The previous literature does not focus on the theoretical clash between the concepts of sharing and luxury and it does not mention the competitive accomplishments of some startups that are based on the concept of luxury sharing. This thesis will fill in this gap relying on the theories about the incommensurable value that lives within luxury brands. Luxury brands are considered as such because they are not within the reach of everyone, and they are characterized by high prices and exclusivity (Keller, 2009). The concept of sharing intrinsically clashes with these values. The past has shown how easy it is to lose the luxury status before consumers' eyes and how easily luxury products can succumb to low-priced products offered by companies that target the mass market (Kelesidou, 2014). Hence, it is of utmost importance to assess the long-term ability to maintain the luxury status in a competitive context for these new companies. Nevertheless, the sharing economy is carrying an unprecedented change in the luxury industry and the future evolutions are still uncertain. Luxury brands pursuing their growth within this field need to consider all the possible vicissitudes and game-changing innovations that may come into play in the times to come. Hence, companies have to be aware of the market changes and keep an eye open for pitfalls.

Consumer enthusiasm towards sharing platforms intended to share luxury goods has never been tested. In the same way, no one has previously discussed the countermoves that luxury brands should carry out in response to the sharing economy establishment. Thus, it is crucial to understand and quantitatively describe the consumer attitude towards these new platforms and the sharing of luxury goods, to understand how luxury brands should react. In doing so, the goals of enriching the literature and giving a contribution to the development of this field will be fulfilled. Therefore, the second sub-question is:

SQ2: How would the consumer perception of a luxury brand change after the introduction of a sharing service?

These questions will touch two different nuances of the same topic, facilitating the examination of the research question and guiding the dissertation to a proper answer that will be outlined at the end of this thesis.

Chapter 2: Methodology

Usually, the purpose of research is to scrutinize a certain topic with the aim of gaining a better understanding thereof (Saunders et al., 2012). A part of research involves that the author unmistakably states the methods employed to collect relevant data, the relevance of these data in answering the research question and finally the research limitations (Saunders et al., 2012). Therefore, the methodology chapter helps highlighting all the complexities of the performed research and allows the reader to access the inner mechanisms of the research. The following paragraphs are going to thoroughly explain the methodology approach utilized in this thesis.

2.1 Research philosophy

Research philosophy defines how knowledge is developed, and more specifically the beliefs and assumptions that underpin it (Saunders et al., 2019). The assumptions made at every stage of research can - amongst others - be of ontological or epistemological nature (Burrell and Morgan, 2016). It is crucial for the reliability of the conclusions drawn that the author is aware of the implicit influences when crafting the research conclusions (Saunders et al., 2019). Hence, since the researcher can be influenced by any number of factors, it is pivotal to address the philosophy to reveal the interpretation, categorization and assessment of the conducted research. In the field of business and management research, there are several research philosophies that can be applied (Saunders et al., 2019). For the type of research conducted, the author decided that pragmatism represented the most appropriate philosophy to adopt, as the research employs a large-scale quantitative survey to collect data and identify correlations. An interpretivist approach could not have been undertaken, as it compels in-depth qualitative data collection which is unsuitable for the purpose of generalizability (Saunders et al., 2012). A positivistic approach is also not appropriate, as this research philosophy utilizes natural science approach to reality (Saunders et al., 2012).

As consumer behavior has a central role in this thesis, the findings will be influenced by social constructs surrounding the survey participants. Hence, the author deems that this research follows a pragmatist approach in which there are some elements of interpretivism and positivism.

According to the pragmatist philosophy, the researcher can position on a spectrum, allowing for the use of positivist and interpretivist features (Saunders et al., 2012). In addition, adopting a pragmatist point of view consents the researchers to use the methods that enable the collection of *"credible, well-founded, reliable and relevant data*" (Saunders et al., 2012, p. 130). Therefore, many are the reasons why the researcher chose to adhere to the pragmatist philosophy.

2.1.1 Ontology

Saunders et al. (2019, p.133) affirm that ontology *"refers to the assumptions about the nature of reality"*. According to this view of ontology, each researcher has its own set of assumptions underlying the reality surrounding them and this set will consequently influence the conducted research. This influence usually takes place in the early stages of research projects (Saunders et al., 2019). Indeed, the main topic of this thesis, as well as the chosen methodology, results from a natural preconditioning of the author. An essential topic within ontology to address is the dualism between objectivism and subjectivism (Saunders et al., 2012). The former approach adopts an objective view of reality and believes that organizations exist as entities without the influence of humans. On the other hand, a subjective view would postulate that the actions and perceptions of unique individuals can influence the entities surrounding them (Saunders et al., 2012). In regard to this thesis, a subjective view of reality has been embraced as this thesis is founded on the conviction that social constructs are affected by the actors within them. Moreover, the research field of this thesis is human science, hence it is deeply influenced by the people's behavior. As a result, realist and positivist views of reality do not adhere to the analysis of the luxury industry in the sharing economy. As a pragmatist, the author does not want to face choices between philosophical dichotomies, but he just wants to focus on the research and utilize all the relevant types of values to interpret the result (Saunders et al., 2012; p.140). The author tried to minimize the passive influence from its social surroundings as much as possible, gathering all the necessary information before choosing a determinate topic. He did so by attending a university course called "branding luxury" and having some private conversations with the professor about the emerging role of sharing economy in the luxury industry. The knowledge attained after these stages allowed a pondered choice of the topic and of the research design. Ergo, the researcher tried to limit the influence of its own ontology when shaping the problem statement and research question of this thesis.

2.1.2 Epistemology

Epistemology identifies what type of knowledge is considered to be acceptable, valid and legitimate and how can knowledge be communicated outwardly (Burrell and Morgan, 2016). Several are the knowledge sources that can be utilized in a given context, hence a researcher has always the duty to understand "*the implications of different epistemological assumptions*" and to detect the "*strengths and limitations of subsequent research findings*" (Saunders et al., 2019, p. 134). This thesis necessitates two different kinds of knowledge sources. On one side, the first sub-question of this thesis can only be addressed thanks to the collection of secondary data. The secondary data required for the analysis can be only obtained through an interpretivist approach, as some dimensions of luxury-oriented business models in the sharing economy are not made public but can only be assumed. However, the author tried to minimize the interpretation job gathering data from different sources (e.g. corporate websites, online newspapers and academic articles). With this behavior, almost the totality of the secondary data collected is appropriate, valid and legitimate. On the other side, investigating the consumer behavior in relation to the acceptance of the utilization of sharing economy from luxury brands cannot be achieved by relying exclusively on secondary data. In fact, this information does not exist in the current literature, and can only be collected through primary research. In this case, a positivist approach will be adopted, as the data collection for the second sub-question requires the utilization of a high structured model with a large sample, that Saunders et al. (2012) link to positivism as the survey participants share their personal opinions. In light of these arguments, the pragmatist philosophy is the most appropriate for the purpose of this research as it matches the author's beliefs and simultaneously enables the combination of diverse philosophies.

2.2 Research Approach

Research approach involves the collection of data to explore a phenomenon, to identify themes and explain patterns and to generate a new or modify existing theory which is subsequently tested

(Saunders et al., 2012). In research, there are three types of approaches: deductive, inductive and abductive (Saunders et al., 2012). Deductive research involves the creation of hypotheses which are then tested by conducting primary research (Saunders et al., 2012). Inductive research follows the opposite method in which observations are made first, and subsequently used to form a theoretical framework (Saunders et al., 2012). Finally, abductive research occurs when a "*surprising fact*" emerges incurring in a potential theory development (Saunders et al., 2012, p.147).

Despite the utilization of a quantitative data collection, this thesis employs an inductive research approach. Indeed, it is stated that *"quantitative research is usually associated with a deductive approach"* (Saunders et al., 2012, p.162). However, a deductive approach usually involves *"a testable proposition about the relationship between two or more concepts or variables"* (Saunders et al., 2012, p.145). This thesis does not utilize any hypothesis proposition, but only leverages the quantitative analysis in the second sub-question to bring some correlations to light. Thus, the inductive approach is one chosen to support the development of this thesis, as by definition it is employed to *"identify themes and patterns and create a conceptual framework"* (Saunders et al., 2012, p. 144). Based on the information and the data gathered through data collection, the researcher will draw correlations and might be able to outline a framework (Saunders et al., 2012). To conclude, this paper follows an inductive research approach where theory is meant to be generated or built with the goal of enriching the current literature on how luxury industry faces the changes brought by the sharing economy.

2.3 Research Design

The research design lays down the framework on which the research is built upon, delineating the particulars of how data are gathered and the practical implications of the research (Malhotra et al., 2017). The first step in research design is outlining whether the research is exploratory, descriptive, causal or explanatory (Malhotra et al., 2017). The former aims to explore and enable a better understanding of a certain phenomenon in a preselected topic; descriptive research is concerned with the description of specific characteristics or attributes found in a market; causal research serves the purpose of retrieving information about the cause and effect relationships found in a particular field of study; explanatory research is conducted to determine the causal relationships among precise variables (Saunders et al., 2012). The nature of this research is exploratory. Indeed, the research aims to explore and enable a clear understanding of how the luxury industry should adjust in front of the booming of sharing economy. The research is complemented by a quantitative survey whose mission is to provide insights into consumer behaviour. The primary data, simultaneously with the secondary data gathered, will facilitate the discussion on how consolidated luxury firms should adapt their business model to the sharing economy, whilst preserving the luxury status that characterizes them.

2.3.1 Choice of theory

Before starting the research process, the author conducted a literature review to clarify for the readers the topics of luxury branding, sharing economy and business model innovation. Furthermore, a literature review is essential in providing the author with information to familiarize with the research problem (Hesse-Biber and Johnson, 2010). In addition, it provides trustworthiness and credibility to the research as it exhibits the author's comprehension of the theoretical concerns that are contained within the given research problem (Hesse-Biber and Johnson, 2010). Analyzing the literature is a pivotal step for the development of any academic research paper (Hesse-Biber and Johnson, 2010). Consequently, choosing the right theories and models also plays an important role in outlining the boundaries as well as establishing the guidelines of the research. One of the key steps before investigating the academic literature is defining the search terms (Tharenou et al., 2007). This is crucial for the researcher, since "*productive computerized searches of electronic databases require the use of the correct search terms"* (Tharenou et al., 2007; p. 7). Once the main terms have been identified, the subsequent task consists in the evaluation of the current literature. Specifically, taking an academic perspective the author analyzed the phenomena of sharing economy and luxury branding by thoroughly investigating the most relevant research regarding the two topics. This investigation enables the researcher to get a deep comprehension and become better acquainted with the specific topics.

To identify and select the most relevant articles for composing the literature review, sources such as Google Scholar, EBSCO and CBS Library were utilized. The author began with a large scope using keywords such as “luxury industry” and “sharing economy”. To further narrow the scope, the researcher implemented keywords such as “luxury sharing” and “luxury business model”.

2.4 Collection Methods

This thesis employs both primary and secondary data collection methods. Secondary data is used in the first sub-question to develop an empirical analysis of sharing based business models, while primary data in the form of a quantitative survey is used to facilitate the discussion of the second sub-question.

2.4.1 Primary data

The primary data collected for this thesis consists of a questionnaire exploring consumer behaviour and patterns. The author has chosen not to source for qualitative data for several reasons. Qualitative research consists in interviews (unstructured, semi-structured and structured) and/or focus groups for gathering information and collecting ideas, feelings and viewpoints from the interviewees (Saunders et al., 2012). Both methods would have been beneficial in uncovering relevant insights for the thesis research question. However, the adoption of these qualitative methods would have led the investigation of people prevalently close to the researcher as the limited resources at hand would not have allowed for a more ample scope. Therefore, as the research aims at getting a global overview of the consumer behavior on luxury sharing, a qualitative data collection technique has not been chosen.

2.4.1.1 Survey size

When exploring the characteristics of a consumer group, the sample plays an essential role in outlining the accuracy and reliability of the collected data (Saunders et al., 2012). Being the questionnaire administered online, the researcher does not pick the respondents, hence it is not certain that they are representative of the chosen population – luxury customers in this case (Hesse-Biber and Johnson, 2010). To mitigate these effects, the survey incorporates some preliminary questions to determine to which a customer group an individual belongs. In particular, the first non-demographic question in the survey assesses the extent of luxury consumption. With this type of introductory question, the researcher can eliminate inadequate target groups, such as people who do not utilize luxury.

The author wishes to gather as much data as possible by sharing the survey with as many people as possible. According to the law of large numbers, the larger a sample is the higher the probability is that it is representative of the population (Saunders et al., 2012). Unfortunately, it is not possible to have a precise number representing the total population of luxury customers. However, for problem-solving research it is estimated that the sample size should be at least 200 participants (Malhotra et al., 2017). After the data collection, the survey attained 201 respondents, reaching the target previously set.

2.4.1.2 Survey design

In designing the questions, the researcher wanted to minimize the fall-out rate and attract the respondents' attention throughout the survey. Therefore, the survey is composed mainly by closed questions, to enable a quicker flow (Fink, 2009). The only exceptions were two open questions. The first was posed to ask respondents for their city of residence and the second was the final question of the survey asking for a personal reflection. Closed questions impose that respondents are given a choice of answers to each question posed which allows an easier analysis of the data in a later stage (Saunders et al., 2012). To prevent missing any potential answers, most of the closed questions included an "other" option for the respondents to add their own answer. One could argue that closed answers could negatively impact the quality of the results. However, a high fall-out rate – due to a too time-consuming survey – would have negatively impacted the quality of the findings to a greater extent than the potential bias in the predetermined answers. To neutralize the potential bias, the researcher dedicated extensive time to identify all the potential answers that respondents would find suitable. Therefore, the author believes that this survey design enables both the minimization of fall-out rate and the maximization of the validity of results.

2.4.1.3 Survey quality and distribution

Collecting high quality data is an essential factor in determining the quality of the conclusions drawn thereafter. The researcher tried to keep the quality of the data as high as possible, utilizing an online questionnaire. Indeed, this type of questionnaire creates a degree of separation that enables respondents to be fully transparent in their responses. This happens because respondents do not meet the researcher in person and do not need to conform to social norms or to please the researcher in selecting their answers (Saunders et al., 2012).

The researcher defines the data collected from the questionnaire as categorical data, as it cannot be measured numerically but can be categorized by their characteristics (Saunders et al., 2012). More specifically, the survey incorporates both descriptive and ranked data questions. Ranked data are the category of questions that require respondents to position themselves on a numerical scale, called Likert scale (Saunders et al., 2012). In this thesis, the ranked data questions entail five levels of answers. The online platform used for the questionnaire – Qualtrics.com – allows the researcher to categorize the data and directly generate tables and graphs from the data. Furthermore, thanks to the demographics questions, the results can be filtered by categories such as age groups or luxury consumption rate. This feature facilitates the author in comparing customer groups and in turn helps reducing the chances that the data is mishandled by the researcher himself or by the computerized system. Therefore, the author can use Qualtrics.com not only to reliably categorize the data, but also to conduct the analysis of the findings.

To spread the survey to as many people as possible the researcher employed several resources. First, the researcher shared the survey in its private network using emails and private messaging. Respondents were also encouraged to share the survey link with family members and friends. To complement this method, the researcher used online tools to reach a larger audience. The main channel of survey distribution was Facebook. The researcher shared the survey in many groups of luxury enthusiasts, such as “Luxury Man LifeStyle”, “Luxury forum”, “Luxury Watch Club”, “Branded Luxury Bags” and other groups with similar ontologies. This enabled the survey to reach a large audience of respondents interested in luxury, and in turn to minimize the eventuality of uninformed responses. Uninformed responses are the ones given by respondents with a lack of knowledge on the topic. This type of response could heavily affect the reliability of a survey; hence it is crucial to reduce their occurrence (Saunders et al., 2012). In a second instance, the author used LinkedIn to further spread the survey among its network. The survey was published exclusively in English, to minimize the chances of incorrect translations. Furthermore, to lower the chances of misunderstanding or misinterpretation by the respondents, the questions have been formulated in a clear and simple manner. Besides, the length of the questions has been kept as short as possible, to further improve readability and understandability.

2.4.1.4 Survey Description

This section has the purpose to give the reader a walkthrough of the structure of the survey, its content and a short description of the question asked. For transparency reasons, the questionnaire is displayed as Appendix 1. The cover message to which the survey is attached when posted on Facebook groups and on LinkedIn states that the survey will be centred on the new trends of the luxury industry. The researcher chose not to write that the survey was about luxury sharing to prevent people who did not like the idea of luxury sharing from taking the survey. In fact, their opinion is as valuable as much as the opinion of luxury sharing enthusiasts. As soon as participants open the survey link, they are welcomed with a short description. First, the topic and purpose of the questionnaire are outlined, then it is declared that the responses will be treated anonymously and with confidentiality. At the end of the page, participants can find the researcher email address in case they have questions or concerns. Thereafter, the survey is divided into five separate sections: demographics, luxury consumption, sharing economy, sharing luxury, business models.

1. <u>Demographics</u>

This section enables a better understanding of who the respondents are with questions related to gender, age, occupation and city of residence. List type questions were used in this section for the sake of time and simplicity (Saunders et al., 2012), except for the question on the city of residence, where an open question was used as listing all the possible answers would have been too unwieldy. These questions provide critical information to be able to identify patterns in customer behaviour. For instance, people with a certain type of occupation may be more prone to luxury consumption or vice versa. Thereby, these questions enable the discovered consumer behaviours to be linked to a particular demographic category. The last question present in this section is the one assessing the frequency of luxury consumption. This question serves as a watershed for the rest of the survey. In fact, only respondents who provide a positive answer are brought to the following survey section. Conversely, respondents affirming that their luxury consumption is null are first redirected to a question asking the reasons why they do not consume luxury and then brought to section three, on sharing economy.

2. Luxury consumption

The second section of the questionnaire contains three questions regarding luxury consumption. The first question investigates in which category the respondents have the higher spend, the second question in which occasions the respondents use luxury the most, and the third one explores the main drivers for luxury consumption. These questions are important because they help categorize the different types of luxury consumers.

3. Sharing Economy

This section opens with a short description of the sharing economy, to make all the respondents fully aware of the theoretical scope of the expression. Thereafter, two questions endeavour to determine how often respondents use sharing platforms in general thereby giving a clear indication of how popular sharing economy is among the respondents. The first question is a ranked type question that asks to the respondents to rate the sharing economy. This question employs a Likert-style rating with a five scale range from “Strongly negative” to “Strongly positive”. The middle value is “Neutral” and allows the respondents to choose a middle ground instead of being forced to name a preference. Allowing respondents to be neutral does not hinder the data’s completeness, indeed it can show if some respondents are indifferent to sharing economy. The second question is a list type question, asking for how many times in a month, on average, the respondents use the sharing economy. The third question asks the respondents to identify which benefits they find in the sharing economy.

4. Luxury sharing

Having established the general use of sharing economy platforms, the researcher is interested to know what the respondents think about luxury sharing. At the beginning of the section, a short definition of luxury sharing initiatives is given. Then, three questions are asked. The first one is a ranked type question that asks to the respondents to rate from “Strongly negative” to “Strongly positive” the phenomenon of luxury sharing. Afterwards, it is asked to the respondents in which occasions they would use luxury sharing platforms. This question is useful to compare the occurrences when the respondents use luxury with the occurrences when they would use luxury sharing platforms. Then, the third question explores the potential drivers for utilizing luxury sharing services. This question is crucial for the outcome of this thesis, because it facilitates the comparison among the drivers of luxury consumption, sharing economy utilization and luxury sharing.

5. Business models

After having explored the consumer behavior towards luxury sharing, this questionnaire wants to determine, from a consumer point of view, which is the best luxury sharing business model. Therefore, three examples of business models are given to the participants, and two questions are posed for each example. The chosen models are some of the most relevant in the current luxury sharing industry: subscriptions-based business models, one-time-rental business models and online marketplaces. To increase the survey ease of comprehension, the business models have been related to notorious luxury brands. These examples can be found in the survey in Appendix 1. Following to each example, the survey proposes a five-levels ranked type question asking the respondents’ opinion on the given business model. Subsequently, if the respondent has a low opinion of the service, he is brought to a question investigating the reasons why he would not use the service. Otherwise, if the respondent’s opinion is neutral, positive or strongly positive, he is asked what the main drivers for utilizing the service would be. The same process applies for the three examples. With this method, the researcher gathers insights both from positive and from negative opinions. Afterwards, the drivers for utilizing each of these business models can be compared with the drivers for luxury consumption and for luxury sharing in general.

Eventually, the last two questions of the survey investigate the change of attitude towards a luxury brand, if it was to introduce an in-house sharing service. The penultimate question asks to the respondents how their opinion of a specific luxury brand would be affected by the introduction of a sharing service. Then, the last question is an open question that asks to justify the choice of the previous question. The researcher deems this as the most important question in the survey because the participants can share all their thoughts on the introduction of any kind of sharing service by established luxury brands.

2.4.2 Secondary Data

Secondary data is data that has been collected by one or several researchers in the past and it is then used in research conducted subsequently by other researchers (Malhotra et al., 2017). The main advantage of using secondary data is that it generally requires fewer resources to collect (Ghauri and Grønhaug, 2010). For the purposes of this paper, the secondary data has two types of objectives. First, gaining a comprehensive overview on the various relevant business models dimensions of 30 sharing luxury initiatives. More details on the data collection regarding the first sub-question will be further revealed in a dedicated chapter. Second, creating a literature review providing a profound understanding of the intrinsic drivers of the luxury industry. In addition, secondary data about sharing economy is collected to compare the theoretical clash between the concepts of luxury and sharing. These topics will be addressed in the second sub-question.

In writing this thesis, the researcher accessed exclusively freely available data that were collected in accordance with the regulations. These sources were cited and acknowledged according to the guidelines set out for this thesis. All data collected was presented in its original form and no modifications were made to fit the researcher's motives. Finally, the author has put particular consideration in protecting any personal information or confidentiality that may have presented itself in the secondary data sources.

Chapter 3: Literature review

3.1 Sharing economy

3.1.1 Definition

Scholars have not identified yet a universal and commonly agreed definition for sharing economy (Oh and Moon, 2016). In this regard, Botsman (2013, p. 24) says that "*the sharing economy lacks a shared definition*". Many definitions have been assumed since the booming of sharing economy to the point that some scholars are increasingly complaining about the confusing breadth of the field, as it incorporates a countless number of elements that do not allow proper theorization (Frenken et al., 2015). However, Hawlitschek et al. (2016) state that one reason for this lack is the rapid development of the field. In fact, as all the evolving fields of research, the sharing economy presents itself with new opportunities and challenges. Consequently, researchers have investigated different characteristics of the sharing economy such as conceptualization (e.g., Habibi et al., 2017; Perren and Kozinets, 2018), segmentation (Lutz and Newlands, 2018), antecedents and impacts (Milanova and Maas, 2017; Ter Huurne et al.,2017; Zervas et al., 2017) and failures (Suri et al., 2019). The reason why the academic literature on the topic is so broad is that sharing economy is ordinarily labeled as an umbrella term for a broad spectrum of services, activities and businesses (Hamari et al., 2016).

Acquier et al. (2017) introduced a clear distinction between two categories of sharing economy definitions: they theorized that there are some broad definitions and some narrow definitions. Rinne (2017) had the same opinion and she conjectured that the criteria used for each definition may be too specific, resulting in a list of individually coherent, but overall incompatible definitions. Therefore, she did not give an exclusive definition, but she postulated some popular concepts regarding the sharing economy, such as collaborative economy, collaborative consumption, on-demand economy, on-demand services, crowd economy, freelance economy, access economy, peer economy, platform economy and digital economy (Rinne, 2017). To provide this broad definition, she took an inspiration by Sundararajan (2016, p. 23), who is considered a pioneer for his research, as he defined the sharing economy as "*an economic system* *with the following five characteristics: largely market based, high impact capital., crowd based networks, blurring lines between the personal and professional., and blurring lines between fully employed and casual labor"*. Botsman (2013, n.p.) defined the concept as "*an economic model based on sharing underutilized assets from spaces to skills to stuff for monetary or non-monetary benefits*". Two years later he gave another definition to the sharing economy, labeling it as *"an economic system of decentralize networks and marketplaces that unlocks the value of underused assets by matching needs and haves, in ways that bypass traditional middlemen*" (Botsman, 2015, n.p.). Another broad definition is the one offered by Munoz and Cohen (2017), who describe the sharing economy as a socioeconomic system that enables a transitional set of exchanges of goods and services between individuals and organizations with the final goal of increasing efficiency and optimization of under-utilized resources in society. On the other hand, among the narrow definitions, Eckhardt and Bardhi (2016, p. 210) stated that the sharing economy "*provides temporary access to consumption resources for a fee or for free without a transfer of ownership*". Perren and Kozinets (2018, p. 21) have also given a narrow definition of the concept, delineating the sharing economy as "*a market that is formed through an intermediating technology platform that facilitates exchange activities among a network of equivalently positioned economic actors*". The last relevant narrow definition that needs to be reported is the one given by Frenken and Schor (2017), who propose defining the sharing economy in a more restricted fashion as an ensemble of consumers granting each other temporary access to under-utilized physical assets. However, the sharing economy has also some detractors, such as Arnould and Rose (2016), who criticized sharing for overemphasizing exchange and suggested the re-conceptualization of sharing around a more inclusive concept of mutuality. Other critics see the sharing economy as a way to promote cheaper access to services, as a tool to generate non-reciprocal exchange (such as gift-giving or bartering), solidarity and social bonding among individuals, and not as a new form of digital economy (Bauwens, 2005; Belk, 2010; Benkler, 2017).

3.1.2 Business applications

After collecting all the relevant definitions of sharing economy, it is important to highlight the impact it has on the market. Sharing economy reached the growth boom in 2008 after the international economic recession, when consumers have been forced to cut their spending and look for new ways to earn money due to their receding purchasing power and the rising unemployment rates (Goudin, 2016; Böcker and Meelen, 2016). Those who lost their jobs needed to re-evaluate their consumption patterns and the value of the ownership in order to find new job opportunities and companies like Uber offered an attractive alternative (Kathan, Matzler, and Veider 2016). Since the launch of AirBnb in 2009, online companies enabling complete strangers to pay each other for the short-term use of goods or services have been proliferating. As of today, the rental of homes, cars, boats, office spaces, grocery shoppers, tour guides etc. is challenging the traditional economic paradigm composed by hotels, car rental companies and taxi drivers (Marr, 2016). The sharing economy is estimated to increase its worth to $335 billion by 2025 (PwC, 2015) and the experts predict a steep growth of the sector and its massive contribution to the global economy in the future (Vaughan & Daverio, 2016).

However, despite its explosion is dated to 2008, the sharing economy traces its roots further back in the past. In fact, the technological and sociological underpinnings have been laid over since 1989, when Tim Berners-Lee invents the World Wide Web. In this period, many things have unconsciously helped the growth of the of sharing economy, starting from the introduction from eBay of a feedback system to the creation of the first car-sharing company (Zipcar), from the spreading of the first social networks to the launch of iPhones. Netflix also did his part, bringing the streaming mindset video to the mainstream, popularizing the idea of "borrowing" instead of downloading/buying digital entertainment, as Blockbuster was proposing. Nowadays, sharing websites establish trust using Facebook profiles and user-friendly rating systems like the one commercialized by eBay (Roos, 2014). This online reputation and feedback system is the biggest success factor of the sharing economy because buyers and sellers can evaluate each other minimizing the risks in terms of trust (Bae and Koo, 2017). Historically, the most considerable risk factor in rentals and sharing is the informative asymmetry between buyers and sellers about quality and value of product and service, because they often do not know each other and they do not even meet in person (Bae and Koo, 2017).

The backbone of the sharing economy are cities full of young, well-educated technophiles, such as San Francisco, because it requires a critical mass of consumers for these sharing services to deliver high performances (Roos, 2014). According to Chen and Wang (2019), the critical element of the sharing economy is not its crowdsourced nature, but instead its digital-economy nature, as in the modern global economy data are considered a strategic asset that drives the markets and their operations. The truth is that rental businesses which allow sharing and offer temporary access to resources have been a reality for a long time. What is really new about this innovation is the digital side of the sharing economy, that allows data exchange and value creation in an unprecedented manner (Chen and Wang, 2019). Puschmann and Alt (2016) agree with this opinion and they theorize that the most important drivers that are supporting the growth of the sharing economy are the social networks and electronic markets, the mobile devices and electronic services and finally the changing consumer behavior that is refocusing from ownership to access.

In the traditional markets, money means the ownership of a product, whilst sharing economy is based on the benefit of capturing value with short-term access to a product or service (Daunoriené et al. 2015). This represents an innovation that reallocates the income across the value chain, cutting away intermediaries and empowering consumers (Schor and Fitzmaurice 2015). Consumption patterns have changed since the expansion of the sharing economy has become a global phenomenon and reached the traditional industries such as tourism, hospitality, transportation, education, job market ecc. (Botsman and Rogers, 2010). Apart from having economic consequences such the creation of countless new opportunities and innovative business models, the sharing economy is argued to have positive environmental and social effects. It reduces the environmental impact, thanks to an efficient utilization of physical assets and the simplification of new social contacts (Botsman and Rogers 2010). These positive points can in turn create innovation and jobs (Krueger 2012), other than bring people together and stimulate social cohesion in neighborhoods (Agyeman and McLaren 2015). However, despite all the positive effects of sharing economy, scholars have also investigated some of the negative sides, such as the eventuality of service failures. In fact, where there is service, there will be a small probability of a service failure (Suri, Huang, and Sénécal., 2019). Now consumers can blame either the provider or enabler (e.g. AirBnb or the host who is renting his house), whereas in the traditional services the enabler and provider were considered as the same entity. Thereby, some critics accuse sharing economy systems of amplifying “the worst excesses of the dominant economic model” (Murillo, Buckland, and Val 2017, p. 66).

3.1.3 Future perspectives

The sharing economy has recently entered in its second decade and researchers have seen this as an opportunity to study its maturation process. If the maturation pattern follows the traditional economy, a large share of its early start-ups are likely to fail as it approaches a shake-out stage. For example, most tool-sharing platforms have already failed, and the survivors (e.g. Neighbor-goods) have small numbers of active users. On the other hand, several platforms for sharing yachts have recently emerged (e.g. Click&Boat and Boatsetter) (Kessler, 2015). As the sharing economy matures, many platforms appear to be getting too large for their regional markets. Thus, companies are trying to internalize their service offering. For example, Uber has invested in a fleet of cars to be leased to drivers and Airbnb is building a series of homes specifically designed for sharing (Del Valle, 2018). Thus, as sharing platforms mature, they appear to be transforming into traditional firms. This evolution will be thoroughly tracked by researchers and they will try to identify if and when sharing platforms will evolve into more traditional enterprises. As affirmed by Wallenstein and Shelat (2017, p. 4), *“The sharing economy is still relatively young and undeveloped, and the technological possibilities are still maturing”.*

In the future, there appear to be two broad and divergent perspectives on the sharing economy’s potential outcomes. Detractors argue that the sharing economy is dead (Lee, 2017), whereas advocates claim that it has just begun (Del Valle, 2018). Martin (2015) classified six possible outcomes regarding sharing economy, with the aim to identify the different scenarios regarding the unexpressed potential of this phenomenon: it can be viewed as an economic opportunity; as a more sustainable form of consumption; as a pathway to a decentralized, impartial and sustainable economy; it can lead to the creation of unregulated marketplaces; it can enhance the neoliberal paradigm; or it could be an unintelligible field of innovation. However, the future of the sharing economy is also heavily dependent on the willingness of the organizations to strike deals with federal, national and local regulators. Airbnb and Uber, two of the major players in the sharing economy, have been attacked of defying laws that regulate the hotel and taxi industries. In New York City, 30 percent of Airbnb property owners in New York City presented multiple offerings, a sign that landlords were turning entire buildings into unregulated hotels (The New York Times, 2014). Ride-sharing companies are also facing controversies with state regulators about the accuse of profiting from fleets of unlicensed and uninsured taxi drivers. Hence, the future of sharing economy is uncertain, but if the large corporations move in accordance to the regulations, then the possibility of growth are incommensurable.

3.2 Luxury branding

3.2.1 Breakdown of the luxury industry

The previous literature on the luxury phenomenon advocate that a singular definition that is commonly recognized does not exist. The word luxury holds a different meaning for everyone because of the various differences in cultural backgrounds (Berry 1994; Wiedmann et al., 2009; Hoffmann and Coste-Marniere, 2012). Scholars identify the concept of luxury as fluid, as it is driven by ideas related to separate fields such as creativity, innovation and excellence (Gardetti & Giron, 2014). As our society progresses, the same does luxury, so the concept of luxury fifty years ago differs from the meaning it has today. In fact, as one type of luxury becomes familiar over time, a new highly desired product takes its place, predicting that the concept of luxury as intended today will soon evolve into new perspectives (Gardetti & Giron, 2014). The literature has shown that luxury is strictly related to concepts like quality, exclusivity and expense (Kapferer, 2012; Yeoman, 2014). However, Kapferer and Laurent (2016) stated that the consumer perception of luxury can vary because of many different factors, so researchers have to take in consideration also demographic and geographical variables. Nevertheless, one dimension that globally distinguishes luxury is price, as society identifies that, for an item to be luxurious, it must entail an elevated expense. Berry (1994) added that there is another relevant dimension that is widely related to luxury, which is desire. He argued that something in not considered as luxurious, unless it is largely seen as desired. Expressing this concept, he means that luxury is not only about the tangible components, but it is prevalently about the intangible and emotional responses which motivate the consumer to undertake the luxury experience.

The idea of luxury has changed over time, but it has constantly reflected social norms and aspirations (Berry, 1994). Archaeologists found hand-made gold objects dated 5.000 B.C. in the Varna Necropolis in Bulgaria and they have assumed that these were the first gold objects intended as jewelry, not for money or weapons. This hints that some early goldsmithing techniques were developed out of an interest in beauty and ornamentation, rather than more practical matters (Higham et al. 2007). The ancient Greek and Roman societies were found to have the same interests in jewelry and ornamentations. This shows that since the beginning of social environments, there was a widespread opinion that objects associated with luxury play a role in social development. In today's marketplace, where brands are widely known, some brands have become associated with luxury. They are usually the items with the highest price and the highest quality in any product or service category and give to the consumer the occasion to experience a sense of prestige (Okwonko, 2016). The concept of luxury has already gradually changed in the last decades, moving from material goods such as jewelry and designer clothes to new forms of luxury, based on best-in-class experiences such as luxury restaurants and 5-stars holidays.

The idea of luxury brands, as a particular form of branding and as a wealthy consumption lifestyle, is a relatively modern conception (Chevalier and Mazzalovo, 2008). In the late 1990s, the market of luxury products has transformed from a cluster of small, family-owned businesses experienced in craftmanship that accentuated the superior quality and the aesthetic value of their products, into a consolidated economic industry led by powerful brand-driven luxury conglomerates (Jackson, 2002). These corporations (e.g. the Gucci Group, LVMH etc.) have taken the role of leaders in the industry thanks to substantial investments in strategic management, marketing, product design, and retail capabilities. Leveraging all these activities, they are able to keep maintaining the luxurious appeal of their brands (Okonkwo, 2009). In reality, both according to the Standard Industrial Classification system and according to the “five forces industrial analysis framework” (Porter, 1980), luxury brands are not formally part of an independent luxury called “luxury industry”, as goods and services offered by these brands range from wristwatches to automobiles. Undeniably, it is oxymoronic to conceive that Rolls Royce vehicles could compete with Louis Vuitton bags or with Audemar-Piguet watches. Nevertheless, although luxury brands offer different products in terms of their functional uses, they all provide consumers with the same experiential and symbolic benefits, such as the prestige and the social status, that pertains to the intangible attributes of these brands. (Kapferer and Bastien, 2009; Keller, 2009). It is this cohesion in brand positioning, combined with a common customer base that is interested in luxury offerings, which has caused practitioners and scholars to refer to luxury brands as if they were part of a consolidated industry (Okonkwo, 2009). Hence, the luxury industry is regarded as an exclusive group of brands across different product segments that are able to differentiate from the competitors thanks to their ability to communicate certain characteristics that are perceived as luxury by customers (Vigneron and Johnson, 2004), and therefore connote the concept of luxuriousness in their respective product categories (Okonkwo, 2009).

Interbrand tried to provide a generic definition of a luxury brand, outlining it as a brand that is positioned within a tier of a product category that expresses price insensitivity; a brand that shows that its expensiveness has a positive impact to its image; a brand that demonstrates that the perceived price does not play a major role amongst the various drivers of purchase (Interbrand, 2008). Subsequently to the took over of the luxury industry by the large multinational enterprises, the market underwent some major changes (Okonkwo, 2009). For example, whilst some corporations continued to accentuate their heritage and superiority of products to delight a wealthier share of consumers (Kapferer, 2006), others amalgamated a perceived high prestige with reasonable prices to attract a middle-class target (Truong et al., 2009), and others pursued an internationalization strategy, appealing to a global customer base (Chadha and Husband, 2006). As a result, the luxury industry has seen drastic growth in its product range, customer diversity and market size (Jackson, 2002; Okonkwo, 2009).

Even if luxury conglomerates differ in terms of their approach to increase the revenues or expand the market share, a common feature that characterizes all the luxury corporations is their commitment to brand building. Okonkwo (2009, p. 288) reports that managers of luxury brands stated that "*firms that invested substantially in brand building were shown to have a stronger competitive positioning than those whose core values were linked more to products and services than to branding".* This is even more relevant in the luxury industry, where consumers' purchasing decisions are driven by psycho-social needs, such as the heightening of the social figure or the enhancement of self-esteem (Nia and Zaichkowsky, 2000). Consequently, superior quality, distinctive design or an elevated price are not enough to define a product as luxury, as the product should also intrinsically convey a specific symbolic meaning and a heritage that the customer can easily link to the concept of luxury. Therefore, it is essential for luxury corporations to undertake significant investments in brand image. Thus, a well-known and authoritative brand image is the key to success in this luxury industry (Kapferer and Bastien, 2009; Keller, 2009). As a result, luxury brands have become some of the most remarkable and appreciated brands in the world (Kapferer and Bastien, 2009).

3.2.2 The key trends of luxury

Despite the tremendous growth of the luxury industry in the last decades, the customer base is shifting, and it is no longer a prerogative of the elite. Consumers have increasingly changed their purchasing behavior as the old values of tradition and aristocracy have become less meaningful. They are giving more value to material comfort in comparison to the previous generations, showing an ongoing trend of cultural shift towards the aspiration of personal fulfillment. Therefore, it could be argued that luxury is progressively shifting in the direction of experience and authenticity, rather than monetary value (Yeoman and McMahon-Beattie, 2010). This does not mean than luxury is not about monetary value and flaunting the social status, but it is becoming more than just this. It is developing into an experience. This emphasis on aspiration and experience results in increased efforts on personal development, reachable for instance through travels and well-being. Luxury customers want to improve their lives and they are willing to pay a premium price to do so. This is what Danziger (2005) defined as the feminization of luxury, in the sense that luxury has progressed from the original male trophies and status symbols to experience and indulgence. This change has been attributed to the heightened buying power of women in society, that has also led the growth of emergent luxury markets such as tourism and clothing (Danziger 2005). In the meanwhile, the old concept of luxury related to monetary value and elitism is still prevailing in emerging economies such as UAE and China. Yeoman and McMahon-Beattie (2010) observed that a substantial number of people across all ages and social grades agree that they would rather own one valuable object instead of a higher amount of cheaper ones. In fact, the majority of consumers are concordant that the idea of luxury is achieved through the purchase of a noteworthy special item, rather than through the accumulation of multiple goods.

A relevant trend in luxury consumption is linked to the increasingly important concept of sustainability and social awareness. Luxury is becoming closely aligned with social issues such as eco-awareness, ethical choices and healthy lifestyles. The luxury industry is also facing some disruptive innovations, such as the one proposed by Tesla Motors. The company led by Elon Mask is fundamentally trying to challenge the consolidated idea of luxury and the structure of the whole industry, threatening the incumbent brands to adopt and adapt their business models (Bendell and Thomas, 2013). In 2013, Tesla all of a sudden stopped making their Roadsters, one of the models most preferred by customers until then, in order for them to become collectors' items. The purpose was to convey the idea of a luxury brand. However, the management knew that a limited number of millionaires driving electric vehicles would not have had an outstanding impact, in a world of 1 billion cars (Tencer, 2011). Therefore, after having impressed on consumers' mind the perception that Tesla was a luxury brand, they started producing and selling more affordable vehicles. Their initial focus on luxury was intended to transform the image of electric vehicles, build a strong brand and open the market to a new a sustainable business. This is why the disruption strategy pursued by Tesla is considered as a positive disruption, as it enables positive social change and enhances the sustainable role of luxury companies (Bendell and Thomas, 2013). After Tesla paved the way, the social interest in sustainability has been driving an increasing number of entrepreneurs to found new disruptive luxury companies.

Bendell and Thomas (2013) argued that there are some key trends re-framing the markets that luxury brands are targeting. They classified these trends in 5 macro-categories: evolving tastes, critical transparency, hyper-connectivity, cultural shifts, and the advent of transmodernism. The first trend faces the fact that researchers all-around the globe found an ongoing evolution in consumer tastes, so consumers are starting to question the abundant consumption of luxury brands (Fox, 2018). Not all the corporations operating in the luxury industry are taking in the right consideration this change in how consumers perceive their products, and perhaps they will regret this choice in the next decade. On the other hand, new companies with smaller volumes might more easily modify their product offering and brand identity to appeal to the emerging tastes of their target customers. Second, there is an increasing transparency about the way luxury items are produced and consumers are becoming aware of the backend of the luxury industry that was hidden to the crowd until a few years ago. Moreover, social and environmental concerns are gradually becoming more prominent among media and consumers and companies are focusing more and more on the triple bottom line and their corporate social responsibility (Patel, 2017). The third key trend impacting the luxury industry is hyper-connectivity, defined by Wellman (2001) as the omnipresence, in place and time, of instant communication technologies. This trend has got some practical implications both on consumers and in turn on firms operating in the industry. Consumers are not anymore unidirectional recipients of traditional advertising and marketing and companies are facing a steep increase in digital marketing spend. In the fashion industry for instance this hyper-connectivity implies that customers can even shape new trends or launch new fashion-related start-ups. Brands can have a vast amount of insights on consumer behavior thanks to social media and they can even allow customers to customize their purchases based on their personal tastes. In this digital context, some crucial drivers for the growth of a brand are the connection with consumers values and the consumer enthusiasm for being an active part of the brand, inasmuch they can influence the brand's strategies with their behavior (Waddington, 2012). The fourth trend is geographical, in the sense that the economic boom of Asian countries is impacting on the global structure of the industry. This economic boom of countries like China and UAE has been disruptive because it has allowed the expansion of existing firms and the flourishing of many new business models (Giron, 2010). This fact was caused by a rising interest of global firms in the non-western world (Dosch and Jacob, 2010). For instance, the fashion house Hermès has launched a Chinese luxury spin-off based on a Chinese ancient design. This fact reveals how some international luxury corporations are investing to get a profit from these modern cultural differences. Transmodernism, the fifth key trend in the modern luxury industry, is an umbrella term that represents the emerging socio-cultural, economic, political and philosophical shift beyond postmodernity (Ateljevic, 2013). It is conceived as a paradigm that challenges the current views of success and stimulates the creation of new styles of leadership (Bendell and Thomas, 2013). The well-known luxury brands of our period find their origins in entrepreneurs that embodied the spirit of their times, therefore those that authentically embody transmodernism now might be in the right place to succeed in the future (Bendell and Thomas, 2013).

3.3 Business models in the sharing economy

3.3.1 Business model innovation

A business model is described as an abstract tool that not only underlines the needs and financial opportunities of consumers, but also explains how an enterprise creates value, delivers it to its customers and attracts them to pay for it while contributing to the process of establishing the public welfare (Munoz & Cohen, 2017). Nevertheless, Arend (2013) affirms that there is a lack of a univocal definition of what a business model is. However, a useful definition for the purpose of this thesis is the one given by Teece (2010, p. 179), who defined "*a business model as the design or architecture of the value creation, delivery and capture mechanisms of an enterprise*". The essence of a business model is that it manifests customer needs and ability to pay, defines the method by which the business enterprise delivers value to customers, entices customers to pay for value, and converts those payments to a profit through the proper design of the different elements of the value chain (Teece, 2010). All the companies, before coming to life, have to undertake a problem-solution finding process, that has the objective to find the concepts and relationships that trigger the expression of a firm's business logic (Osterwalder, 2004).

Over the past decade, a number of completely new and different sharing-based businesses has come to life. These firms have a common characteristic underlying their business models, which is the fact that they all operate in the sharing economy through a system of collaborative consumption, where people or organizations offer and share resources in creative and innovative methods (Botsman and Rogers, 2011). Originally, these new sharing-based business models were entirely driven by social-oriented goals, but then mainstream investors (e.g. venture capitalists) started supporting their growth and the social purpose started losing the central role. This happened because of the profit-oriented nature of mainstream investors, who look for business models heavily reliant on technology as these are usually the most scalable (Lockett et al., 2002).

Munoz and Cohen (2017) collected and analyzed data from 36 companies, operating in different categories of sharing activities to discover different business models types. Their research identified seven typical dimensions that many sharing economy business models have in common. (1) The key aspect that all these new business models have in common is the presence of a platform that enables collaboration, sometimes peer-to-peer, sometimes buyer-seller. These platforms empower digital connections between users who share their tangible and intangible resources. Despite a common scholarly agreement on the fact that platforms are a necessary dimension, there is still an ongoing debate about whether platforms have to be mandatorily digital or if physical platforms are also considered as a characteristic feature (Chase, 2015). (2) The main subject of sharing economy initiatives are under-utilized resources. They can be any type of resource, ranging from real estate or vehicles to technical skills or professional services, as long as the resource can be identified as idle capacity. (3) Peer-to-peer interactions are also a common element of sharing economy business models, as usually users interact online or via mobile apps. (4) Collaborative governance is another key element, because it reflects the inclusion of consumers into the process of value creation. Moreover, these business models could not exist without the presence of active users who allow the redistribution of resources. (5) The majority of sharing economy platforms are born with a determinate goal, to solve a problem detected beforehand. Therefore, these businesses are not only seeking for profit, but they are also trying to implement social or environmental enhancements. In fact, sharing economy is known for leading to greater inclusion, as lower-income consumers who are usually excluded from some kinds of activities are given the access to products thanks to peer-to-peer marketplaces (Fraiberger and Sundararajan, 2015). (6) Sharing economy initiatives usually also involve alternative sources of funding. This aspect is closely related to the costumers who are involved in transactions, as an elevated number of successful collaborative businesses are financed through alternative methods such as crowdfunding. (7) The vast preponderance of sharing economy business models are heavily reliant on technology. The birth of peer-to-peer networking was truthfully initiated by the progress of information and communication technology, that progressively made the digital platforms we know today more efficient and faster. In regard to the importance of the undeniable importance of technology, one of the most recent definitions of sharing economy define it as a *"scalable socio-economic system that employs technology enabled platforms that provide users with temporary access to tangible and intangible resources that may be crowdsourced"* (Eckhardt et al., 2019, p3). Although it is very rare to find a model that contains all seven components remarked by Munoz and Cohen (2017), the first three dimension are considered to be fundamental to identify a sharing economy business model.

Codagnone & Martens (2016) described the different types of business models that may exist in the sharing economy. The vertical axis represents the market structure, assessing the type of transaction participants, who can be either individual persons (P2P) or businesses (B2C). The horizontal axis represents the market orientation, showing if a business is either seeking for profit (FP) or not (NFP). Declining these variables, four different alternative combinations can be recognized, and the whole sharing economy initiatives fall into one of these four quadrants (Figure 1).

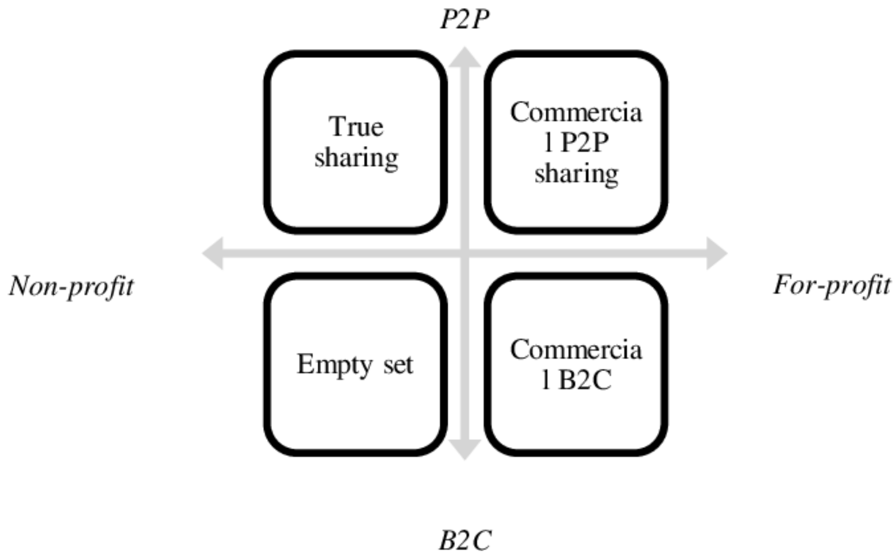

Figure 1: Codagnone and Martens (2016) sharing economy business models

For instance, platforms distinctively based on sharing motives, such as tool banks and time banks, fall into the category of true sharing. The purpose of these business models is to satisfy determinate societal needs, without looking for economic growth or profit maximization. The amount of these platform is modest, but they are still essential in achieving collective goals such as social inclusion, community regeneration and the promotion of sustainable innovation. Commercial P2P sharing platforms, on the other hand, are a mean to connect distant individuals who are willing to utilize their unexploited assets to earn extra money. The most resounding examples of platforms that belong to this category are Airbnb and Uber. The third quadrant is named 'empty set' because the concept of non-profit B2C initiatives is by itself oxymoronic. Nevertheless, it can happen that companies invest tangible and intangible assets in philanthropic activities. The last quadrant represents the group of commercial B2C sharing where private enterprises provide services to individuals via digital platforms, in exchange of a fee. Classic examples in this category are Zipcar, DriveNow, and all the other companies that invested in the sharing of means of transportation. However, researchers and academics have not found an agreement regarding whether this kind of initiatives should be considered a part of sharing economy, as they do not practically differ from any online store, except for offering products in short rental terms (Codagnone & Martens 2016).

3.3.2 Business models trends

Eckhardt et al. (2019) described the main challenges that companies operating in the sharing economy have to face. Usually, firms deploy financial, physical and human resources to produce and sell a determinate set of offerings, which is then intended to pass through intermediaries in order to reach end users. Transactions in traditional companies are led by financial concerns and are influenced by the bargaining power of both parties (Carson and Ghosh, 2019). However, this system of transaction does not apply to the sharing economy. In fact, the majority of sharing platforms has limited assets and fewer employees compared to traditional companies, because they heavily rely on crowdsourcing and on consumers' inputs. Therefore, these new companies are more likely to utilize external providers to create offerings and market them instead of relying on internal capabilities and assets (Kumar et al., 2018). As a consequence, the sharing economy created a new set of challenges that traditional firms have never faced, such as the impossibility to control the quality of a service or to guarantee consistency, because the service does not come directly from the company. This is due to the fact that individual providers have high levels of agency, but they are not employees and they are usually not contractually bonded to the firm. Thus, they are not legally subject to any power or authority (Hazee et al., 2017).

The function of clients is also shifting from its original position, and they are often taking roles that were previously assigned to institutional entities. Carpooling companies, such as Blablacar, seek for service providers who are willing to utilize their vehicle to create a service for those who ride along. Quintessentially, the conversion from simple consumers into institutional figures can be regarded as a transformation from users to "prosumers", as they both produce and consume resources (Ritzer and Jurgenson, 2010). The role of prosumers then includes a variety of tasks that were previously carried out by traditional firms, such as communication, promotion and quality control. For instance, Uber's end-users often coordinate with the drivers for confirming the pick-up spot (Etherington, 2018), they enhance the driver's profile by providing a rating (Jenkins, 2018) and expand reach of the service by sharing it with others in person or through social media (Cava, 2017).

Innovation is also a pivotal theme as companies are continuously challenged to update their offerings to make them competitive and valuable in the marketplace. Innovation is traditionally very important to all the firms as the primary development of new offerings happens in-house (Chandy and Tellis, 2000). However, due to its distinctive nature, the sharing economy will contest scholars to rethink the function of in-house innovation. In fact, the current in-house R&D is more focused to radical product innovations rather than incremental innovations (Eckhardt et al., 2019). In contrast, the sharing economy abundantly depends on business model innovation and firms keep looking for new ways to extract value from the marketplace by enabling new kinds of transactions between providers and users. This lack of product differentiation is clearly noticeable by the fact the many sharing economy platforms offer products and services that are essentially similar. Instead of investing on product differentiation, sharing-based corporations are focused on improving the underlying platforms on which their products are offered. More precisely, these corporations are trying to ameliorate their ability to match the diverse services offered by providers with the unique needs that their users are facing, with the objective of providing enhanced benefits, lower prices and higher convenience (Dellaert, 2019). Therefore, the focus of scholars has also moved to analyzing the efficacy of different technology-enabled business models that platforms can utilize to recognize, attract and grow desirable providers and users (Kumar et al., 2018).

Branding is also facing a period of radical innovation, as brands play a different role in the sharing economy and they are more complicated to manage. There is clearly a huge difference between the way platforms (e.g. AirBnb) approach to branding compared to the way traditional brands work on their branding. In fact, sharing economy brands create lower lever of brand attachment compared to traditional brands (Bardhi and Eckhardt, 2012). However, these new brands are growing in strength and popularity and they are emanating a savvy and environmentally friendly aura (Bardhi and Eckhardt, 2012). Thus, among the traditional fields that sharing economy is disrupting, there is also the nature of brands. Traditional brands usually try to develop engagement through the promotion of a strong brand community (Muniz and O'Guinn, 2001). Nonetheless, Bardhi and Eckhardt (2012) demonstrated that this affirmation is not valid for sharing economy brands, as consumers are usually reluctant to be part of communities around brands that they access instead of own. In regard to luxury brands, it is rare that sharing brands are labeled as luxury because the concept of luxury theoretically clashes with the goal of sharing economy to exploit unutilized assets. Nevertheless, sharing platforms could be perceived as premium if the shared products are considered luxurious. For example, www.onefinestay.com is positioned as the luxury alternative to Airbnb as the platform also offers a concierge as a supplement to the opulent and expensive properties. Airbnb has already implemented an alternative that can compete with One Fine Stay, called Airbnb Luxe, which is focused on proving enhanced luxury experiences (Spinks, 2018). This kind of positioning is a point of departure that can revolutionize sharing platform branding creating a new premium positioning instead of simply focusing on low price, convenience, and sustainability. Future research that examines the paths that sharing platforms brands take as they migrate into luxury would be notably valuable.

Chapter 4: Theoretical framework and analysis

4.1 First sub-question

This chapter has the goal to discuss the topic of the first sub-question, with the objective of gathering more information in order to discuss the main research topic of the thesis. Therefore, the question that will be addressed and answered in this chapter is *"What are the most employed types of sharing-based business models targeting the luxury segment?"*. Initially, this section is going to introduce the sharing economy compass, a framework used to analyze sharing-based business models. Subsequently, the analysis of 30 luxury-oriented business models operating in the sharing economy will be carried out, utilizing the described framework.

4.1.1 Theoretical framework: Sharing economy compass

The sharing economy has made luxury goods accessible not only to wealthy people but also to other groups of individuals. As a consequence, new opportunities were created and innovative business models have come to life to fill this market gap (Boumphrey, 2016). Many frameworks have been tested to analyze business models, but only few of them have been massively appreciated and reutilized by scholars. Among those, there is the Honeycomb 3.0 (Owyang, 2016), the sharing typology proposed by Sharing Economy UK (Coyle, 2016) and the Collaborative Framework developed by Price Waterhouse UK in collaboration with the European Commission (Vaughan and Daverio, 2016). They exhibit an arbitrary categorization of businesses, in accordance to their presumed belongingness to a particular industry. However, these frameworks are the same ones that are used to classify businesses not active in the sharing economy. The existence of these paradigms is undoubtably positive as it provides a more thorough understanding of the sharing space, however they are not in scope with a business model analysis within the sharing economy boundaries as they would oversimplify the examination. As a consequence, Munoz (2018) decided to develop a holistic model, called sharing economy compass, that comprehends all the relevant variables for the analysis of business models operating in the sharing economy. This compass covers only those dimensions unique to sharing-based businesses and presupposes that, when developing a particular business model, users will ponder the investigation of other necessary dimensions taken from different existing frameworks. In fact, although the tool is very domain-specific, it is capable of functioning alongside other business modeling tools in order to provide an ample and all-inclusive overview when crafting a business model. Utilizing the compass in the shaping phase of business model creation can lead to the enrichment of value propositions, financial models, income streams and customer engagement strategies (Munoz and Cohen, 2018).

The sharing economy compass is also very useful to analyze business models transformations. It is not rare to observe peer-to-peer models founded upon the concept of prosumers that are shifting towards traditional platform-based non-cooperative models. The most iconic example is Rent the Runway, a platform born to allow consumers to share their clothes. At the beginning, this platform was mostly used by women who had under-utilized dresses in their closets to earn some money by renting them out to those looking for short-term access to such types of clothing. However, a few years after its foundation, the company switched to a B2C business model and acquired a massive inventory of clothing with the objective of renting them out. The same thing happened to AirBnb, which was born as a platform to optimize under-utilized resources like empty bedrooms, but over time ended up being mostly used by real-estate entrepreneurs who prefer short term rentals to the traditional long-term ones. Unquestionably, companies adopting this business model face elevated initial inventory costs, but they expect to scale more easily in the long term, thanks to the ample variety of product offering and the independency from third parties (Codagnone and Martens, 2016). Indeed, for sharing companies seeking to become the biggest player in their industry, the reliance on peer provision can be challenging. Uber, for instance, has heavily invested on a fleet of autonomous vehicles, in order to eliminate their need for “peer drivers” and to shift towards a B2C business model (Shetty, 2020).

Figure 2: sharing business model compass (Munoz, 2018)

The sharing business model compass (Figure 2) is based on six key dimensions of sharing-based business models. Each of the dimensions has three different alternatives that a sharing start-up can make when shaping its business model. Therefore, Munoz identified six key dimensions of sharing-economy business models that allowed three distinct decisions each and converted the outcome into a tool valuable to analyze all sharing-based business models. Combining these six dimensions, the model reports how a company interacts with customers, with suppliers, and with the rest of the stakeholders. Looking at the compass, it is noticeable that four dimensions (platform type, transaction, business approach, and governance model) are situated as concentric circles. Alternatives adjacent to the core of the compass shift the business model closer to a commons-oriented business type and decisions adjacent to the edge move the business model closer to a market-oriented business type. In fact, sharing economy circles around the globe have seen a growing distinction between business models seeking an altruistic version of the sharing economy and models oriented to market prices and finalized to make money. Some refer to market-based models of sharing as platform capitalism and the dichotomous alternative as platform cooperatives (Munoz and Cohen, 2018). The visual representation clearly shows that decisions made in the ordinal dimensions are impactful on whether the business model is closer to a market type of sharing activity or commons type of sharing activity. For instance, ownership, decision making, and profit distribution are some of the fundamental differences between cooperatives and enterprises with impactful implications on how they create, capture, and share value. Furthermore, decisions taken in each of these four dimensions can influence the whole business model, often impacting the funding strategy. The last two dimensions (technology and resources) are distinctive of sharing economy business models but have a minimal direct impact on the final orientation of the business model. Since these decisions do not have a direct impact on the market or commons orientation of the model, the choices are depicted horizontally instead of vertically in the compass. Hereafter the six dimensions are described:

<u>TECHNOLOGY</u>: Within this dimension, sharing economy businesses have three different alternatives: tech-driven, tech-enabled, and low/no-tech. Tech-driven business models are the ones that completely rely on technology not just to connect users but also to complete the transaction without the need for bargaining parties to meet in person. Crowdfunding websites like Kickstarter and online learning portals such as Udacity and Coursera belong to the tech-driven category. The majority of the startups blossomed in the last decade fall into the second category, the tech-enabled, which represents business models reliant on technology to simplify the platform but necessitate and are enhanced by offline interactions. Uber would fall into this category, as the final customer can see the details of its transaction online but requires the driver to drive him to its final destination. Although most of the players in the sharing-economy are leveraging technology, there are still many startups in the sharing space where technology is predominantly a supporting-tool and it cannot be defined as critical. These sharing initiatives

belong to the low/no-tech category. Co-working spaces and shared commercial kitchens are good examples of the low/no-tech business model.

TRANSACTION: The element of transaction describes the payment system that a specific sharing economy enterprise chooses to employ. Three variations have been detected in regard of transaction types: market, alternative, and free. The most popular one is undoubtably market transactions and the main example is Uber, which does not only vary pricing based on demand, but also includes the notorious element of surge pricing (Shetty, 2020). Most of the scaled, venture capital-backed sharing corporations - such as Airbnb and Rent the Runway decided to select market pricing to stimulate their growth. The second category, that represents alternative transaction options has emerged in the last few years. An example of a model falling in this category is Beliive, a P2P Brazilian start-up using as a currency “time dollars”, earned within the app, as a payment method. Finally, sharing initiatives can offer free services or they can just require an annual deposit. An example are the bike-sharing services present in the most important cities in the world that generate most of their revenues through sponsorships, advertising models or support from local institutions. Less elaborately, many P2P start-ups such as Peerby are meant just to exchange goods and consequently they do not contemplate any kind of monetary transactions or fees.

BUSINESS APPROACH: The dimension of business approach reflects the goals of the sharing-based businesses. There are three primary options from sharing start-ups: profit-driven, hybrid, and mission-driven. Uber and eBay are among the many sharing platforms that are profit-driven, in the sense that the goal of the company is to maximize its revenues. Hybrid models are the ones that strive to maximize the revenues, while having an openly expressed goal that drives them to create environmental and/or social benefits for communities around the world. Zipcar is a good example as it was founded with goal of reducing traffic and contamination in cities, while providing access to a vehicle for consumers who could not afford it. Kickstarter is another relevant example of hybrid business approach as the company seeks to support creative projects and to finance environmental-friendly initiatives. Mission-driven business models are the ones aiming for an ecological, environmental or social change, such as Kiva founded as a non-profit organization with a mission to connect people through lending to alleviate poverty.

SHARED RESOURCES: Regarding the resources circulating in collaborative activities, sharing initiatives may choose either to optimize new resources by purchasing and renting them out, to leverage under-utilized assets or to find a new home for used resources. DriveNow is a good example of the optimization of new resources as their entire fleet is made up of newly acquired vehicles produced by the BMW group, which is also the owner of the company. On the other hand, Rent the Runway started with a business model focused on the optimization of under-utilized existing resources but shifted their model in favor of the optimization of new resources. In fact, today the company acquires new clothing with the purpose of renting it to their customers of their platform. Other examples of companies optimizing under-utilized resources are Blablacar and all the other carpooling models, that allow vehicles owners to exploit the empty seats of their car. Finally, into the “new home for used resource” category can be allocated many of the P2P models for used items, such as eBay.

GOVERNANCE MODEL: The governance models for sharing startups varies significantly from traditional corporate structures to collaborative governance models to cooperative models. Not surprisingly, corporate structures are the preferred choice by most venture capital funded business models in the sharing economy, such as Uber, Airbnb, Upwork and Rent the Runway. Collaborative approaches are less popular because they require more engagement with users. For instance, Kiva is a crowdfunding platform that has already embraced this kind of model as they started to collaborate with users and other stakeholders in sourcing, implementing, and monitoring projects funded through the platform. The cooperative governance model for sharing-based startups has yet to start rippling, because of its high degree of uncertainty that scares the newcomers away. Nevertheless, some components of cooperative models have already been applied in cryptocurrency start-ups.

PLATFORM TYPE: This dimension defines the types of sellers and buyers engaging in the transaction. There are three common platforms in use: Business to Business (B2B), Business to

Crowd (B2C) and Peer-to-Peer (P2P). In the B2B category operate companies like Yardclub, which facilitates the leasing of Caterpillar bulldozers for construction sites. In the Business to Crowd category, companies like DriveNow and Rent the Runway strategically opt for owning the resources that will be exchanged within the user community in exchange for a rental price. Finally, platforms where peers exchange products or services with each other and where the platform provider does not effectively possess any of the shared assets have been proliferating in the last decade and the most known examples are Airbnb, Blablacar, Indiegogo and Task Rabbit.

Assuming that all sharing business models contain the six dimensions described in the Compass and that all start-ups have to choose only one alternative within each dimension, then there are potentially a total of 729 unique sharing economy business models in the sharing economy marketplace. Therefore, it is incorrect to affirm that all sharing economy businesses are based on the same principles and the same rules, as the business model diversities lead to different implications in terms of profitability, scalability and the social and environmental impact of customers. Moreover, some business models could also change their positioning over time in response to changes in customer preferences, priorities of their investors or expected profitability and Rent the Runway has showed how successful can these positioning shifts be.

4.1.2 Analysis

The sharing economy compass has been widely utilized since its theorization; however, it has never been applied to sharing-based companies targeting the luxury segment. To fill out this gap, a comprehensive study of 30 luxury-oriented business operating in the sharing economy will be carried out in this section, with the objective of analyzing the business models of successful enterprises. This analysis, facilitated by the application of the sharing economy compass, is intended to identify common business patterns in order to point out which dimensions of the sharing economy compass are recurrent and representative of luxury oriented business models.

4.1.2.1 Methodology

In order to carry out an inclusive analysis, a sample of 30 successful luxury sharing business models has been taken in consideration and the sharing economy compass has been applied to these business models. The word ‘successful’ could have boundless meanings per se, however this thesis uses the definition of success given by Kay (1995, p. 20), who affirmed that *“success is intrinsically a relative concept and the best way to understand what it means is to compare the performance of different firms in the same line of business”.* Thus, the identified companies are the ones achieving a superior performance in comparison with their competitors in their respective market environment. In order to make the analysis as global as possible, the business models examined are active and profitable in countries all around the globe, ranging from the United States to Hong Kong, passing through Europe and India. To choose the 30 companies, articles that pointed out successful enterprises on all the relevant geographical markets have been chosen. Ruan (2017) identified the most successful sharing companies in the Asian market, Sangwan (2019) in the Indian market and Balogh (2020) in the North American market. To identify companies operating in Europe and Australia, the author utilized his own knowledge of the markets. The amount of companies was not predetermined, instead the author stopped his search when a sample sufficiently significant was detected.

The business models taken into account are considered as targeting the luxury segment, in accordance to the definition given by Kapferer (2012) and Yeoman (2014) who defined the notion of luxury as strictly related to concepts like quality, exclusivity and expense. The analysis has been carried out studying the business models of each of the 30 sharing economy initiatives and breaking them down in accordance with the six dimensions of the compass. The necessary data about the chosen companies have been gathered through various sources, such as company websites, articles, blogs, and customer reviews. The analysis is depicted in Appendix 2.

4.1.3 Discussion

4.1.3.1 Technology

The farthermost role of technology in sharing economy business models is undisputable. The progress of information and communication technologies originated the commencement of peer-to-peer networking and enabled the present digital innovations to empower transactions making them faster, cheaper and more efficient (Šiuškaitė et al., 2019). The evolution of technology in business model innovation has been driven by many factors. First of all, the emergence of internet and the ability to be connected with the rest of the world through mobile devices and digital platforms gave birth to sharing economy and consequently to a whole new set of business models (Bockmann, 2013; Goudin, 2016). Then, the global expansion of social networking platforms has been an enormous technological breakthrough in the sense that consumers with similar hobbies and interests have been able to connect and to be involved into economic activities as equal participants. The growth of e-commerce is contributing to the creation of many new opportunities in the sharing economy by simplifying and accelerating the process of procurement. Finally, electronic payments tools allowed customers to finalize their purchases without the need to physically move or to use cash.

The close correlation among all these drivers have brought technology to acquire a pivotal role in the vast majority of sharing economy business models and this trend can also be noticed in the analysis carried out in this thesis. In fact, half of the business models taken into account fall into the category of tech-enabled business models, meaning that their business can be carried out thanks to the adoption of technology. The other half belongs to the category of tech-driven business models, meaning that the business itself could not exist without the technology that drives it. These statistics show how important technology is for the existence and the success of luxury-oriented business models in the sharing economy. All these business models leverage on an online platform, without which their business would not be able to be operating and profitable. Nevertheless, it is important to pinpoint that this result is not due to the fact that the 30 companies were selected through online channels. Conversely, it is due to the intrinsic nature of sharing economy, that finds its roots in the global expansion of internet and that developed during the boom of technological innovations (Goudin, 2016). The main difference between tech-enabled and tech-driven business models in this analysis is the exclusive presence of the online platform in tech-driven models, opposed to the duality of online and offline channels in tech-enabled platforms. Watch Lending Club and Boatsetter can serve as example to clarify this statement. The former's business model solely relies on an online platform where customers can choose their subscription tiers and their watches. In contrast, Boatsetter has also got some physical offices for customers to book the preferred services and it is also dependent on their qualified crew, composed by captains and skippers. The point discussed in this paragraph demonstrates that sharing economy initiatives usually heavily rely on technology, and the ones who do not comply to this implicit precept are very unlikely to be successful in the luxury industry. However, it is not possible to sustain with absolute certainly whether tech-enabled or tech-driven business models are more successful in the sharing luxury industry.

4.1.3.2 Transaction and business approach

In regard to the transaction system, the analysis demonstrated that all the luxury enterprises taken as sample opt for a market price where the service price is competitively set. This fact is strictly correlated to the business approach carried out by the enterprises, as 29 out of 30 companies are conducting their business with a profit-driven approach. In this case, the analysis shows that luxury initiatives do not follow the pattern of the majority of sharing economy business. In fact, the typical players of sharing economy do not only seek for profit but also implement various environmental and social goals, such as promoting environmental awareness and reducing consumerism (Munoz and Cohen, 2017). DriveNow is the only company present in this analysis employing a hybrid business approach, as the company founded by the BMW group seeks to increase the group sustainable footprint with the utilization of free-floating car sharing. The main sustainable advantage of this service is the reduction of carbon dioxide due to the introduction of electric cars in the fleet. Moreover, a study conducted by the city of Vienna (2015) illustrated that on average one carsharing vehicle replaces five private vehicles, enhancing even more the reduction of carbon dioxide in the cities where the service is active. Not coincidentally, the mission of DriveNow states that their goal "*has always been to provide people within cities a* *flexible and sustainable mobility alternative to car ownership while working together with cities to reduce traffic and emissions problems"* (DriveNow Website, 2020). However, it must be considered that DriveNow is a car sharing service providing customers with premium cars and therefore it is positioned in the luxury segment because it is providing to the market a more expensive and sophisticated service than its competitors. Indeed, the whole car sharing industry has a hybrid business approach because all the players have the goal to reduce the environmental impact of cars. Consequently, it can be concluded that typically sharing business models in the luxury industry have the main objective of maximizing their revenues and they strive to reach this target by setting market prices and by selecting a profit-driven business approach. This discovery confirms what previous studies had already exposed: Verboven & Vanherck (2016) affirmed that most of the sharing economy initiatives only formally assert to act as environmental or social friendly incentives, even though what they are pursuing is economic growth and financial gain.

4.1.3.3 Shared resources

Sharing economy is born to allow individuals to make money from underused assets. In this way, physical assets are shared as services and people can monetize their unused assets (Botsman, 2013). A study concluded that the majority of people in the United States own more equipment, tools and other assets than they actually need or use in their daily activities; as a result, the average cost of owning those assets is unnecessarily high (Munger, 2016). However, thanks to the sharing economy individuals can, at their own discretion, share their underutilized assets with others in order to recover at least the marginal cost of using those assets, resulting in lower sunk costs. Therefore, renting, lending and sharing specific professional skills or knowledge in many cases can result in financial gain (Kathan, Matzler & Veider, 2016). The conception of sharing underutilized assets and recovering the marginal cost of using them, plus a portion of the fixed cost of owning these assets, with the goal of earning a monetary income, has always been one of the main drivers of the sharing economy. However, despite under-utilized resources have always been the subject of nearly all sharing economy initiatives, the same notion is not valid for luxury-oriented sharing economy initiatives. In fact, only six out of the thirty business models taken into account in this analysis leverage under-utilized resources. On the other hand, the majority - nineteen out of thirty - of the analyzed business models leverage on optimizing new products offering them to consumers, through rentals and lending systems. The result is quite surprising, as it differs from what could be expected by sharing economy-based business models. It shows how risky and obsolete are becoming the business models that try to connect demand and supply and all the business models relying on individuals external to the organization. To overcome this issue, many sharing economy start-ups have shifted their business models from relying on external inputs to becoming themselves service providers (Munoz and Cohen, 2018). The fact that 63% of the analyzed initiatives adopt a "optimize new" business model confirms the trend hypothesized by Munoz and Cohen (2018). In reality, it shows that, in order to scale and become successful, start-ups have to move towards a traditional platform-based non-collaborative business model grounded on a substantial initial portfolio investment, with the aim of regularly renting the owned assets.

Finally, the last share of business models analyzed in this section (five out of thirty) functions as marketplaces allowing sellers and buyers to connect and to find a new home for used resources. The "new home 4 used" category in fact, only consists of online marketplaces that connect sellers of luxury items to buyers who can afford and are willing to buy those second-hand items. These business models leverage on the fact that in the modern age many luxury brands release products in limited editions that connoisseurs and collectors are interested in. Consequently, these types of business models have essentially become exclusive an online e-commerce for wealthy people. Supreme, Chanel, Dior, Louis Vuitton in the luxury fashion industry and Rolex, Omega and Richard Mille in the watches industry are only few examples of luxury brands sold on the analyzed online marketplaces. Customers are inclined to spend a large amount of money on these purchases, reverting all the established implicit rules of sharing economy. Therefore, one could wonder if all these marketplaces are to be considered as part of the sharing economy umbrella. The answer is positive, because all of these business models are based on online platforms that do not sell their own products. On the contrary, they bring together consumers owning an under-utilized resource that they want to sell and buyers who are eager to get in possess of those resource.

4.1.3.4 Governance model and platform type

Habitually, peer-to-peer services in the sharing economy leverage on underutilized resources to provide an attractive and profitable option for households and private individuals. For example, in an Airbnb investment property the landlord can collect higher rental fees in total compared with traditional long-term tenancy (Apte and Davis, 2019). In spite of this, the sharing economy is noticing a gradual decrease of P2P platforms. When the sharing economy faced the first global expansion, P2P represented the vast majority of platforms. The analysis carried out in this thesis shows that only 40% - twelve out of thirty - of companies taken in consideration have adopted a P2P platform. The analysis also reveals that all the P2P platforms are the result of a collaborative governance model, whereas all the business-to-crowd platforms are originated from a corporate governance model. This downward trend in the adoption of P2P platforms can be straightforwardly explained as collaborative governance reflects the inclusion of consumers into the process of value creation. The modern sharing economy business models do not have the urgent need to balance demand and supply to redistribute resource, because they can simply be the supply without the exigence to rely on consumers. The descending trend has been discoverd by Kessler (2015), who affirmed that companies that were entirely based on the idea of sharing and collaboration have been frequently unsuccessful. The reason behind these failures is the relatively high transaction cost. In fact, most customers who need a power drill prefer to simply buy it instead of spending an hour of their time to locate, pick up, and give back the tool, and in addition pay a rental fee on top. Hence, it is very rare for P2P platforms to be profitable in the long term, and it is even less likely that P2P platforms succeed in the luxury industry. This is due to the intrinsic nature of luxury, as ownership of luxury goods is one of the key drivers of this industry. Indeed, Kapferer (2012) has demonstrated that the luxury industry is propelled by concepts such as exclusivity and high expensiveness, which are significantly more resembling to the idea of ownership rather than sharing. Therefore, it is comprehensible that eighteen out of the thirty analyzed sharing initiatives opted for a B2C platform, undertaking an elevated initial investment to pursue a larger growth in a longer-term perspective. Moreover, the shift from peer-to-peer to business-to-crowd platforms could also be explained by the customer behavior. The typical customer in the luxury industry is usually not sensitive to price and is predominantly concerned about the high quality of the service received and about the subsequent prestige that a determinate service could confer him (Kapferer, 2012). Therefore, adopting a B2C platform, a firm could control the entire value chain, eliminating the risk of relying on other service providers. In doing so, the quality of offered services dramatically increases because companies can internalize the value creation and standardize the quality control process.

Another factor that has driven the establishment of corporate governance models, at the expense of collaborative business models is the plethora of venture capital funding that the sharing industry has received in the last decade. Boston Consulting Group estimated in 2017 that a sum above $23 billion had been invested in venture capital funding in sharing economy initiatives since 2010 (Wallenstein and Shelat, 2017). As a matter of fact, travel-related sharing economy companies such as Airbnb, Uber, and Lyft have undergone an immeasurable growth in the size of their operations and consequently in their enterprise value after receiving investments from venture capital funds. The explosive equity boosts provided by these funds have shifted the business models of sharing-based companies from a collaborative to a corporate governance approach. When venture capitals and other types of investors combine their interests with a sharing economy company, the latter has to assume a corporate type of governance, in order to pursue the common mission of maximizing the profits. The importance of venture capital funds for luxury-oriented companies operating in the sharing economy has been proven also by the shutdown of the notorious Eleven James in 2018. The aforementioned company, founded in 2013 in New York City, offered to customers a subscription-based rental service for luxury watches. Eleven James had to close down in 2018 for financing issues, as they did not have enough capital to continue functioning. Bues (2018) asserted that the idea of experiencing a variety of watches on a revolving basis has appealed an ample customer base, however he suggested that offering a financing solution on one watch, with the goal of fully owning it at the end of a pre-selected period could have been a better strategy for purveyors of permanent luxury items. The point raised by Bues (2018) is valid because the real value of luxury items originates from their ownership. Nevertheless, in Eleven James case, the underlying business model idea has not been the problem, as many successful companies around the world are currently offering the same service (e.g. Watch Lending Club, a company utilized in the above analysis). Accordingly, the premature termination of Eleven James activity is an evidence that, in the modern global economy, if a sharing economy firm wants to enlarge its catchment area and to increase sales, it needs to be supported and prompted by external investors. And external investors usually prefer a corporate governance business model for its characteristic safety and the reliability.

4.1.4 Implications

In conclusion, some common features can be identified in the investigated business models. The first important factor to bear in mind is that all the companies analyzed herein rely on technology. It is then assumable that not having a technologic platform underlying the business model is a high-risk option. Secondly, it is remarkable that market pricing is the pricing method chosen by the totality of the analyzed companies and that 97% of them opted for a profit driven business approach. Thus, it appears that the common objective of the companies operating in the analyzed niche is to maximize their profits, giving less significance to social and environmental goals. In regard to the resources used, the majority of the business models investigated in this chapter has chosen a long-term strategy, facing an elevated initial investment in material assets to be rented throughout the following years. Finally, the business model evaluation carried out in this thesis has displayed a positive correlation between governance model and platform type, in the sense that all the companies adopting a corporate governance opt for a B2C platform while the ones operating in a collaborative governance utilize a P2P platform. In spite of this finding, the key discovery is that the ample preponderance of the analyzed business models is employing a corporate governance. Furthermore, the visual representation (Figure 3) of these characteristics in the sharing economy compass reveals that all the models analyzed are closer to a market type of sharing activity, rather than a commons type. Hence, these models can be juxtaposed to the concept of platform capitalism.

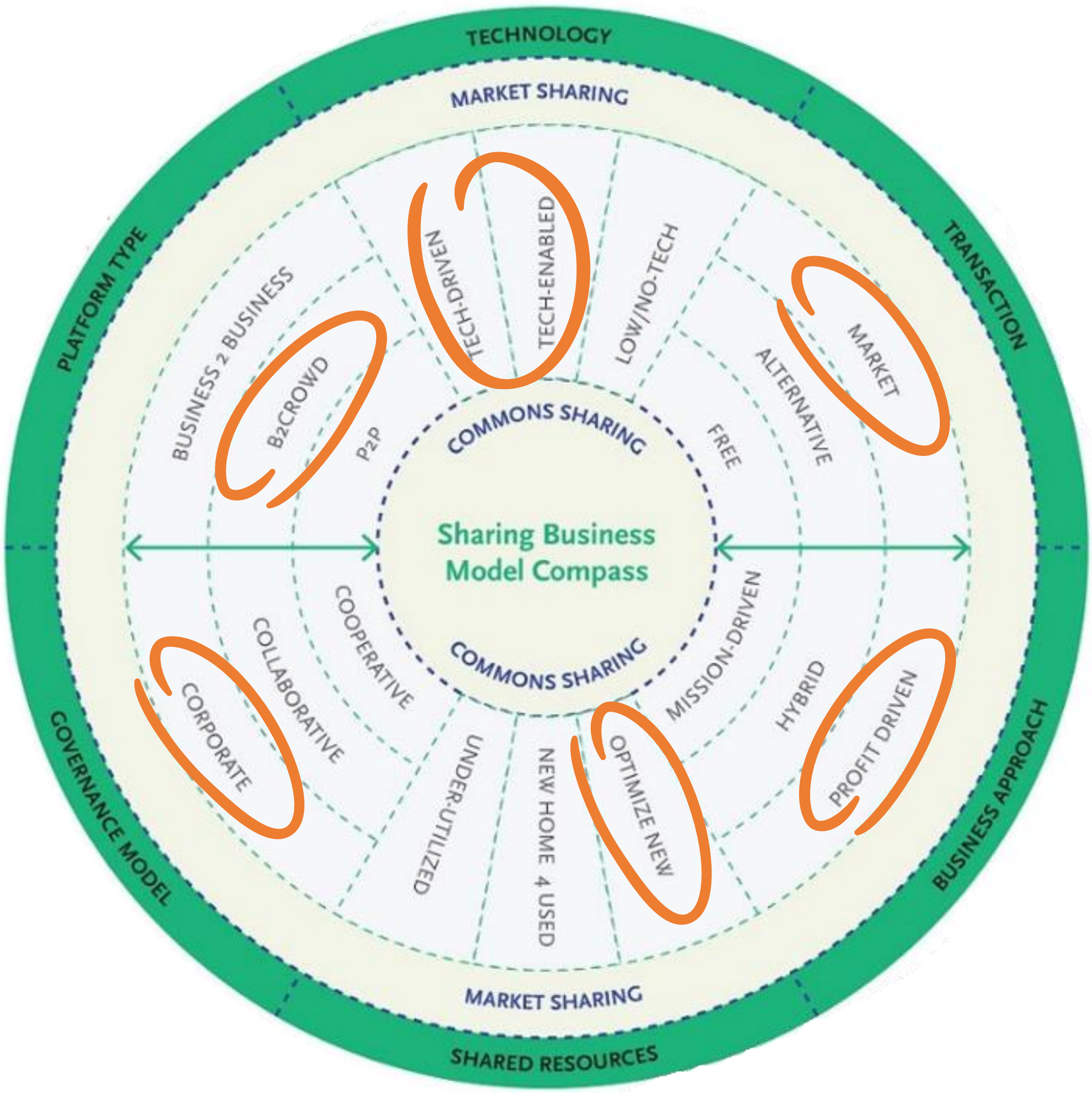

Figure 3: Visual representation of the analysis results

An interesting statistic uncovered by this analysis is the business model adoption rate. In total, the investigation carried out in this thesis uncovered 8 types of business models. Figure 4 identifies the most common luxury sharing business models, showing how many of the selected companies decided to adopt a determinate business model. The two most adopted business models, as already discussed in the previous paragraphs, are the ones corporately governed that opted for buying new resources and optimizing them through rentals. The only difference between these models is the technology lever, as the first type of model is tech-driven while the second type is tech-enabled. Interestingly, the third and the fourth most adopted business models are designed with a collaborative governance model and only differ in the type of technology and in the type of resources employed. Eventually, the presence of four unique business models distinctive of a singular company is noteworthy, because it indicates that regardless of the economic paradigm, any luxury-oriented company can achieve a competitive success in the sharing economy, if powered by an exclusive business idea.

Adoption	Technology	Transaction	Business approach	Shared resources	Governance model	Platform type
9	Tech-driven	Market	Profit-driven	Optimize new	Corporate	B2C
8	Tech-enabled	Market	Profit-driven	Optimize new	Corporate	B2C
5	Tech-enabled	Market	Profit-driven	Under-utilized	Collaborative	P2P
4	Tech-driven	Market	Profit-driven	New home 4 used	Collaborative	P2P
1	Tech-enabled	Market	Profit-driven	New home 4 used	Collaborative	P2P
1	Tech-driven	Market	Profit-driven	Under-utilized	Collaborative	P2P
1	Tech-driven	Market	Profit-driven	Optimize new	Collaborative	P2P
1	Tech-enabled	Market	Hybrid	Optimize new	Corporate	B2C

Figure 4: Business model adoption in the analyzed sharing initiatives

Furthermore, it is interesting to observe the business models created removing the technology dimension, as this thesis has highlighted how technology is essential regardless from its deployment. In this case, three main different types of business models would come to life: the ones corporately administered that leverage new resources (17), the ones collaboratively administered that leverage under-utilized resources (6) and finally the ones collaboratively administered that find a new home for used resources (5). Once again, the preponderance of business models leans on the type that is more designed to scale and to multiply the profits. This is the umpteenth prove of which kind of business is the most adopted by luxury-oriented enterprises in the sharing economy.

On the basis of the findings discussed in the previous paragraphs, it is possible to give a key recommendation to the luxury-oriented start-ups and the consolidated companies that are active in the sharing economy. Managing growth is easier if a company has a lot of capital. The analysis has shown three main ways to obtain all the needed capital: being backed up by venture capital funds (e.g. Luxify and One Fine Stay), being founded and owned by a consolidated luxury group (e.g. Porsche Passport and DriveNow), or being acquired by luxury corporations (e.g. Watchfinder and Stadium Goods). This trend shows that becoming a luxury firm in the sharing economy could be less complicated than expected, inasmuch a company essentially needs a solid business idea, the adjacent relevant capabilities, an effective long-term strategy and ultimately the economic assets to enforce it.

4.2 Second sub-question

This section focuses on answering the second sub-question of this thesis, which is "*How would the consumer perception of a luxury brand change after the introduction of a sharing service?*". In order to do so, the theoretical foundation about the shift in luxury consumers' behavior will be presented. Thereafter, on the basis of the results of primary data collection, a discussion on the most appropriate long-term strategies for luxury brands will be conducted.

4.2.1 Luxury consumption drivers

In the following paragraphs will be presented the main drivers that propel luxury consumption:

<u>HEDONISM</u>: The concept of luxury is constantly juxtaposed to keywords such as price, rarity, exclusivity, perfection, history, art, time, dreams. Nevertheless, there are some implicit drivers behind the consumption of luxury. First of all, Luxury is historically a marker of social stratification and its DNA resides in the desire to belong to the superior classes (Kapferer and Bastien, 2009). In addition to this social function, luxury has always been a way to access pleasure and it has always implied a strong personal and hedonistic component. In fact, in luxury hedonism takes precedence over functionality. The materials used in haute couture may be very elegant but not always pleasant to wear, designer furniture may be highly uncomfortable, a Ferrari may be noisy and uncomfortable. However, all the traits and imperfections of a luxury product are the ones that define it. Products without any defects and without a soul cannot be considered as luxury (Kapferer and Bastien, 2009).

<u>PERSONAL DESIRE</u>: Luxury products match a deep and relatively personal and spontaneous desire, whereas mass products are the object of a desire created from start to finish, or at least manipulated, by advertising (Kapferer and Bastien, 2009). The choice of a luxury product is the

result of a personal decision and does not come from the necessity to imitate others. The desire for luxury is based on hedonism and aesthetics, not on overindulgence leading to revulsion (Kapferer and Bastien, 2009). Consequently, personal inner values and emotions have a leading role when choosing a luxury brand rather than its competitor.

BRAND POWER: Another driver related to the personal emotional elements is the brand power. In fact, brands exert different emotions on different people, and a reason why consumers buy luxury is because they sincerely like particular brands. A brand belongs to luxury when it is perceived as such. When thinking about luxury, a handful of so-called luxury brands immediately comes to mind. In turn, a product is marked as ‘luxury’ as long as it bears the seal of a brand that is defined as ‘luxury’. Indeed, luxury objects are objects of luxury brands. Diamonds are the only luxury pieces appreciated even without brand. What matters is their size and purity. For everything else, there is no luxury without brands. The luxury brand is weighted with a particular significance, thanks to an acclaimed signature of the exceptional attributes in the product and the service (Kapferer and Bastien, 2009). This is why brand power can be considered hidden beneath other expressed motivations, such as hedonism linked to the aesthetics of the product or the delicate taste of a special champagne bottle accompanied by knowledge of its long heritage. Luxury enthusiasts like to be regarded as close to luxury brands. In fact, although luxury entails a process of recreation and signification of social distancing, it also presupposes an intimate, intense satisfaction, linked to the object itself and its own imaginary and beauty (Kapferer and Bastien, 2009). This satisfaction is also able to distinguish those who are able to appreciate and genuinely enjoy a product from those who are simply capable of buying it.

DISPLAYING TO OTHER PEOPLE: Many people utilize luxury with the main purpose of showing off their success and wealth. All the products marked with a distinctive luxury logo have a long-lasting value, because the marker conserves in its genes this first function: maintaining the high visibility of social ranks. This is why it should be visible - to act as a social seal. One main reason why some successful people decide to show off their wealth is their desire for acceptance. Another reason behind this behavior is a wrong perception of the power of money. Some people show off their money or wealth under the wrong notion that money can buy happiness, but they are not happy just because they are rich (Page, 2019). Showing off wealth through luxury items is a phenomenon becoming increasingly popular, due to the enlarging reach of social networks (Keinan et al., 2016). However, another type of clientele is also noteworthy: the one composed by those who ask for more discreet types of luxury. Their main aim is to distinguish themselves from buyers of mass products and to signal their distance from those who utilize luxury to show off.

4.2.2 The theoretical clash between luxury and sharing

For a long time and with few exceptions, the luxury industry was hesitant to embrace the opportunities given by digital technologies, despite their increasing pervasiveness in consumers' everyday routines. However, with digital media now entirely integrated in consumer lifestyles and with the consequent changes in customer behaviors, traditional luxury companies have recognized the incredible creative and commercial opportunities of online and mobile platforms. Besides being an additional marketing tool and distribution outlet, online channels grant all brands with access to precious consumer data. What caused the initial reluctance of luxury brands to leverage the opportunities provided by internet was the perceived incompatibility between the main characteristics of luxury - exclusivity and rich customer experience - and the democratic range of online channels for interactive communication (Kapferer, 2015). Looking at the theoretical foundations of luxury consumption, online channels are only providing exposure to a mass segment, thereby distancing luxury brands from their original exclusivity (Kapferer and Bastien, 2009). Another point justifying the hesitance of luxury brands towards online platforms is that luxury customers expect a superior personalized customer experience. Providing such experience through online channels is not as straightforward as it could seem. However, digital platforms may help brands to better connect with existing and potential customers through an enhanced digital experience, providing in-depth background about the brand. As a matter of fact, while making online channels feel exclusive and luxurious is challenging, some high-end brands have managed to use the channels to enhance their position in the luxury marketplace and to grow their business (Beauloye, 2020). To sum up, luxury is based on the notions of scarcity, social differentiation, and superior quality, and it is consumed in the pursuit of exclusive, sensory-rich, and psychologically gratifying experiences (Frank, 1999). In contrast, digital platforms are based on ubiquitous, cost-free, and democratized information, and they are consumed on a flat screen in the pursuit of common experiences that can be shared with peers (Botsman, 2013). Despite intrinsic frictions between the traditional luxury and digital world, online technologies may be used to complement, enrich, and differentiate the luxury retail experience. The key is to selectively embrace digital tools and techniques that can help companies maintain and enhance the hedonic aspect of the luxury experience.

As the sharing economy is entirely based on digital platforms and it is accessible exclusively through online channels, the same frictions apply between sharing economy and luxury industry (Eckhardt and Bardhi, 2016). In fact, the sharing economy is based on the benefit of capturing value with short-term access to a product or service (Daunoriené et al. 2015). Hence, the sharing economy is theoretically opposed to the concept of luxury because it promotes short-term advantages rather than long-term ownership. Besides, the main reason why consumers use the sharing economy is to achieve some savings and to access assets that they would not be able to access in other ways. On the other hand, as said in the previous paragraphs, what drives the luxury consumption is primarily the desire for hedonism and exclusivity and the passion for particular luxury brands. Therefore, it is evident that the two concepts are divergent and apparently incompatible.

Nevertheless, in the first sub-question of this thesis some luxury sharing business models have been presented. It means that, in spite of the contradictory nature of luxury sharing, this new type of business initiatives is seeing the light. Millennials' purchasing behavior is the reason behind this radical innovation (Ruan, 2017). As they are becoming the dominant consumer force, the traditional retail market and overall perception of luxury goods is being challenged by their actions. For both emotional and practical reasons millennials are rejecting the ownership of products in favor of short-time rentals. This development indicates an ongoing shift in the consumer mindset towards the sharing of luxury items. The rental of luxury items allows millennials to occasionally experience the luxury lifestyle without paying the full - often unaffordable - price. Adopting this kind of mindset gives millennials the chance to embrace alternative, glamorous and stylish lifestyle for short periods of time and indulge in luxury experiences, on a budget (Yeoman and McMahon-Beattie, 2010). Traditional luxury enthusiasts are not influenced by this trend and they are consuming luxury as they have always done. However, they are noticing that luxury is slowly becoming more democratic and a luxurious lifestyle is ubiquitously reachable for rent. It is still too early to tell if the sharing economy model can be successfully applied to the luxury industry in the long term. Regardless, the rise of these platforms can represent a disruptive force to conventional luxury brands (Ruan, 2017).

4.2.3 Analysis

4.2.3.1 Survey results

To carry out the analysis of this sub-question, the literature about sharing economy and luxury branding have been juxtaposed to the primary data gathered. As already affirmed in section 2.4.1 of the methodology, the primary data collected in this thesis comes from a questionnaire. In the same chapter, the survey has been thoroughly described in terms of size, design, distribution and content. The survey has been online for 7 days and 201 responses have been collected.

Before exposing the findings, it is important to enunciate the demographic attributes of the respondents. 51% of the survey participants are males, while 49% were females. Due to the researcher's personal network involvement in spreading the survey, 55% of respondents are from 18 to 24 years old, 31% falls into the 25-34 age group, 7% into the 35-44 group and the remaining 7% are older than 45 years old. The participants age also impacts on the occupation, but this is more relevant towards the study because it gives a rough indication of the respondents' purchasing power. Consequently, 40% of the respondents are students, while 25% are both working and studying. Full time employees cover 29% of the total respondents and 6% is unemployed or retired. The respondents are completely in scope with the research, as sharing economy usually appeals to a younger share of consumers, who have a lower purchasing power and are more prone to looking for distinctive ways to save money (Sundararajan, 2016). In fact, researches demonstrate that people born between the 1980s and the 2000s are the most consistent share of users of the sharing economy (Godelnik, 2017). Hence, in the findings section, a special focus will be given to the younger categories of respondents, as respondents from 18 to 34 years old constitute 86% of the survey population. Moreover, it is interesting to notice the international extent of this survey, as 35% of respondents are living in Copenhagen, 18% in Italy and the rest of them is homogeneously spread in all the continents, with respondents in Sydney, Perth, Bogotá, Miami, Kuala Lumpur, Singapore, Dubai, London, Barcelona and Munich.

4.2.3.2 Findings

After the demographical questions, the survey moves directly towards assessing the luxury consumption. Among all the respondents, only 13% never uses luxury and 30% uses it rarely, leading to a 57% share of survey respondents that partakes in luxury experience often or more than often. More questions about luxury consumption have been posed to the survey participants who declared of using luxury, regardless of the frequency. Among these, 25% use luxury in their everyday life, 49% for special events and 26% affirm to use luxury as much as social customs allow it. In regard to the reasons why people consume luxury, 18% sustain to do it because of the brand power, 12% with the aim of displaying it to other people, 14% for individual hedonism, 22% for personal emotional elements and 34% because of the superior quality (Figure 5). Interestingly, among the younger generations (18-34 years old), the alternatives of brand power and displaying luxury to other people are more prevalent, respectively 20% and 15%, at the expense of personal emotional elements. Conversely, to the 13% of respondents who declared to never use luxury was asked the reason why this behavior and the vast majority of them said the prices are unnecessarily too high. The other responses, chosen with a lower rate were the low value for money ratio and the fact that luxury items do not meet one’s personal tastes.

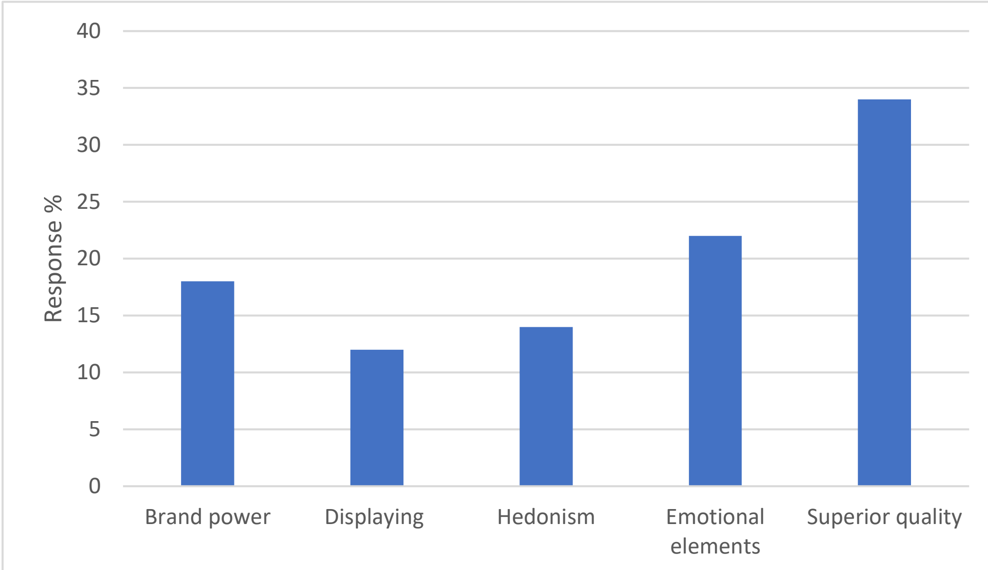

Figure 5: Reasons why respondents consume luxury products

The second section of the survey concerns the sharing economy. 87% of respondents have either a positive or a strongly positive opinion on the sharing economy, 9% are neutral and only 4% considers it a negative phenomenon. In terms of frequency of use, 17% of respondents are not using the sharing economy, 68% are using it one to five times per month and the remaining 15% six to fifteen times per month. In regards to the benefits given by the sharing economy, 17% of the respondents affirm that they use sharing economy because it gives them the opportunity to access resources that they would not use otherwise, 36% because they can access resources without the need to own them and 47% because sharing economy helps them to achieve higher savings. This section proves very useful because it demonstrates that the majority of the respondents are embracing the sharing economy, leading to suppose that they will also embrace the concept of luxury sharing.

The third section of the questionnaire introduces the concept of luxury sharing platforms and the first question goes straight to the point asking to the participants their opinion on the topic. Only 12% of the respondents regard the concept of luxury sharing either as strongly negative or simply as negative, whereas 24% is neutral on the topic. On the other hand, 64% view it as positive or strongly positive. As sharing services are usually more employed by younger generations, a higher percentage of positive opinions could have been expected looking at the responses given by participants in the age groups 18-34. Surprisingly, this is not the case and the values are unchanged for all the age groups. Successively, the respondents who had either a positive or a neutral opinion of luxury sharing services had to choose for which occasion would they use them. Only 5% said they would use it in their everyday life, whereas 67% would use it for special events and 28% affirms to use luxury as much as social customs allow it. Regarding the drivers for these kinds of service, the majority of respondents (31%) affirms that in this way they can enjoy the high quality without paying the full price, 22% responses concern the willingness to display luxury to other people, 15% regards individual hedonism, 14% brand power, 13% personal emotional elements (Figure 6). Remarkably, the last 5% of respondents gave other types of answers, affirming they would rent luxury items to try them out before buying them permanently. In fact, one critical limitation of luxury items is that it is very rare to be able to test them before the final purchase.

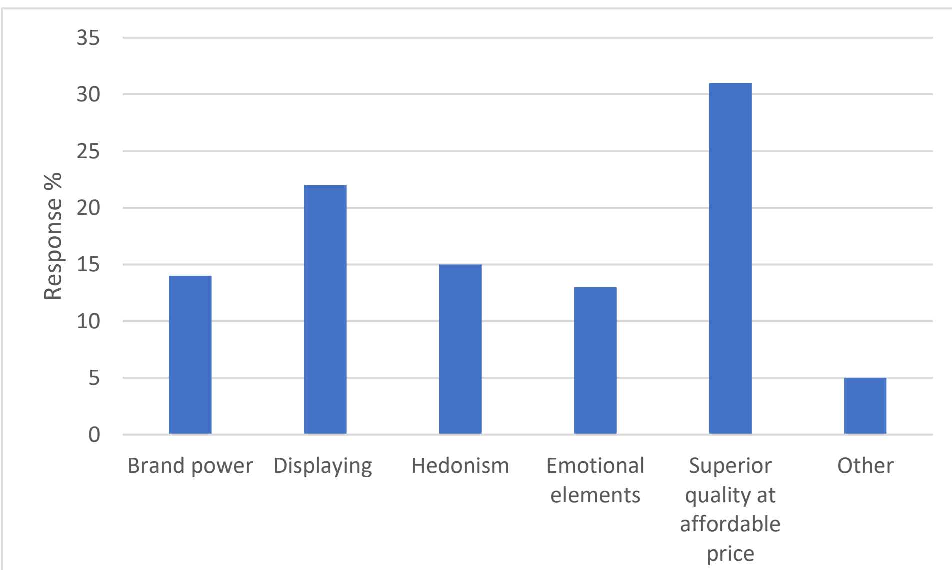

Figure 6: Drivers for luxury consumption in luxury sharing initiatives

The fourth section of the survey proposes some practical examples of luxury sharing business models implemented by large corporations. The first proposed business model was a peer-to-peer marketplace where people can exchange second-hand luxury products made by a particular brand. The acceptance rate of such service is considerably elevated, as 62% of respondents had either a positive or a strongly positive opinion on the service, while 22% was neutral and 16% had a negative opinion. What drives most the positive opinions is the brand power, the willingness to display the new purchases to other people, the superior quality of the products and the lower prices of second-hand luxury items. On the other hand, among luxury users, the reasons behind the negative opinions are the incompatibility with the brand identity and the fact that it pollutes the brand and the desire to buy first-hand luxury rather than second-hand. The second proposed service was a subscription-based sharing service that gives customers the possibility to rent each month a different product from a firm's catalogue. The acceptance rate of this kind of service is lower than the first one, as only 51% had a positive attitude towards the service, while 25% was neutral and 24% had a negative opinion of it. In fact, despite the exponential growth of subscription-based services, customers are always skeptical about subscribing to a new type of service (Williams, 2017). Some respondents like this kind of service is because they can enjoy the high quality of luxury items not paying the full price, but a monthly subscription. Another reason is the sense of novelty that consumers can experience trying for example a different Rolex model every month. The last reason given by the respondents is the possibility to test some different models before the decisive purchase, preventing consumers from committing to the full price before having taken the final decision on the right product. Conversely, the reasons why some respondents would not appreciate this service are the incompatibility with the brand identity and the preference to own a luxury product instead of renting it for a limited time. The last business model analyzed is a rental service, non-subscription based, that allows customers to rent luxury products directly from the company that produces them. The respondents with a positive or strongly positive opinion of this service are 73%, while 20% are neutral and 7% have a negative opinion. Among the young generations, there are even more respondents with a positive attitude. The motivation why this service is preferred to the others lays within its intrinsic existence, as it allows customers to rent luxury for short period of times, so that people could try luxury experiences una tantum without committing to the full price. Respondents against this kind of luxury sharing service blame a hypothetical incompatibility with the identity of a luxury brand and they affirm the preference for owning luxury instead of renting it. Figure 7 sums up the respondents' opinion of the three different luxury sharing services.

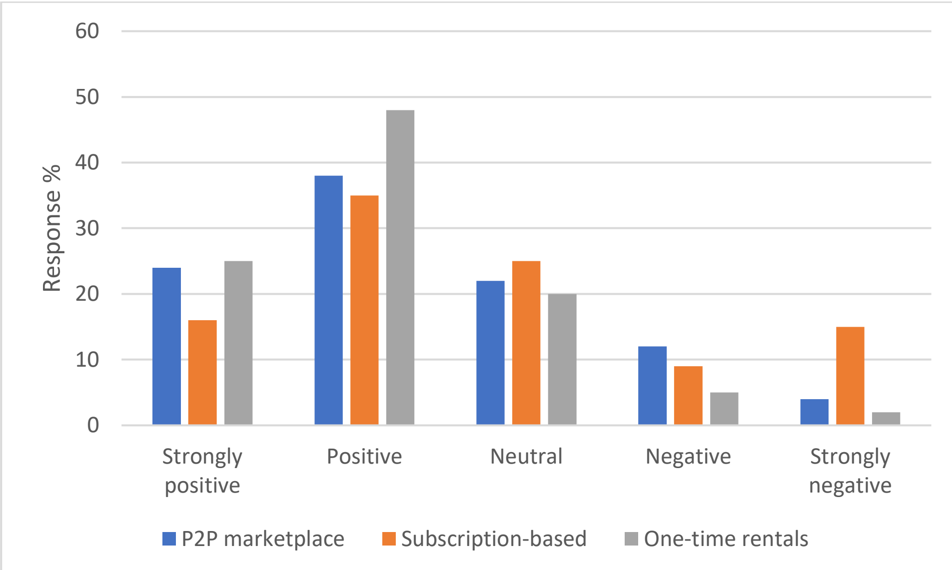

Figure 7: Respondents' opinion of the business models assessed

The last question of the survey investigates the shift in the respondents' attitude towards a luxury brand after the introduction of an in-house sharing service. The responses are quite various as 41% think this service would have a positive impact on the brand image, 44% think it would have a negative impact and 15% think it would have no effect. The positive views are motivated by different reasons: some respondents affirm these models can attract customers that could not afford luxury otherwise, leading to an enlargement of the target audience; other respondents highlight the sustainable advantages, as sharing luxury prevents people from buying assets and underutilizing them; others see it positively because it means that a company is embracing the technological trends brought by the sharing economy; still others affirm that this kind of service would be a society equalizer, reducing the division brought by social classes as everyone could afford luxury products. The negative responses are principally motivated by a loss of exclusivity and prestige for the luxury brand subsequently to the introduction of a sharing service. Moreover, the respondents argue that this service would be incoherent with the luxury ethos and would hence impact negatively on the brand image. In turn, this would make the brand less attractive for loyal luxury customers because it would not represent anymore a status symbol. Finally, the neutral responses are motivated by the fact that the impact would change depending on the industry. For instance, respondents argue that in-house luxury sharing would harm the brand image of luxury fashion brands, however since rental services are already very popular in the automotive industry, it would not harm their image, but it would just open the door to a new share of customers.

4.2.4. Discussion

The questionnaire presented many noteworthy findings that provided abundant food for thought. Superior quality of luxury items compared to the standard ones has been proven the main reason why customers choose luxury. This finding was quite predictable as historically luxury has been connoted by two main characteristics: high quality and brand prestige (Kapferer and Bastien, 2009). This also explains why brand power, together with personal emotional drivers, has a leading role in attracting people towards luxury. At the same time, it is also comprehensible that luxury is not for all, and there are people who are not able to afford it or people who dislike it. Since the high quality and the high brand prestige is objective and cannot be discredited, non-luxury enthusiasts justify their attitude towards luxury affirming that prices are unnecessarily high, and they are not justified by the high quality. Kapferer and Bastien (2009) address the topic of non-luxury enthusiasts, saying that it is necessary for the well-being of the segment that some people are looking at luxury with a critical eye. This helps dividing the owners of luxury from the rest of the people, which corresponds to the main objective of luxury that is giving prestige and exclusivity to luxury owners.

The survey has also uncovered that sharing economy is viewed very positively nowadays. This discovery reflects the evaluation made by PwC (2015) that estimated that the audience reached by the sharing economy would have boomed in the following decade. However, despite the high acceptance of sharing economy, the share of those who like the concept of luxury sharing is not elevated. In fact, it could seem self-explanatory that if a person is both fond of luxury lifestyle and sharing economy, then he has a positive opinion of luxury sharing. However, among the people who affirmed to be luxury users and expressed a positive attitude towards, only 66% had a positive opinion on luxury sharing whereas the remaining people were neutral or adverse. Looking at the intrinsic motivations in luxury consumption expressed by Kapferer and Bastien (2009), a reason for this statistic can be presumed. The same reason is the one given by many respondents in the questionnaire to justify their negative attitude towards luxury sharing: luxury items are purchased with the intent of being part of an exclusive social class, and ownership of such items is essential to confer the status of elitism. If luxury items were shared, they would not grant the same exclusivity and they would lose their attribute of status symbols. Nevertheless, an ample share of survey respondents showed attraction towards luxury sharing and successful sharing-based enterprises have blossomed in the luxury segment in the last few years. Thus, it cannot be said that the theoretical clash is universally valid because both the demand, represented by survey participants, and the supply, represented by luxury sharing businesses, have showed that this clash is merely notional.

Moreover, the questionnaire gave some consumer insights about the profound rationale behind the rise of luxury sharing business models. Introducing the concept of sharing into luxury leads to a wider customer base, as more people can afford the price of rent a luxury item without the need for an elevated initial investment. However, targeting a larger audience can be extremely dangerous for a luxury brand and can result in brand dilution. Brand dilution is a process that makes a brand lose its value due to the weakening of its positioning and it is often related to the lowering prices with the purpose of increasing sales volumes (Keller, 1998). If a luxury brand loses its value and its credibility, its luxury-enthusiast customers are going to choose another brand. Losing the exclusive luxury status is the worst thing that can happen to a luxury brand, as it is particularly hard to get it back. In all surveys regarding luxury antecedents, high quality, brand prestige, beautiful design and emotional elements are usually counted among the responses; however, exclusivity is rarely included in these surveys (Kapferer and Bastien, 2012). Kapferer and Bastien (2012) conjectured that exclusivity is not the premier factor in choosing luxury brands, but its absence is a factor in devaluation because it recalls attributes typical of common objects. Therefore, it is usually necessary to keep the brand exclusive and to keep the masses away from luxury (Bastien and Kapferer, 2013).

In regard to the occasions when luxury is consumed, the questionnaire uncovered some interesting data, reported in Figure 8. The table demonstrates how the ownership of a luxury product heavily influences its consumption. In fact, if consumers own a luxury product, they are more prone to use it in their everyday life. Conversely, if they have to rent the same item or to share it with someone else, it is more likely that they utilize it only for special events. This finding is in line with the sharing economy philosophy, which is based on cutting costs of under-utilized assets (Codagnone and Martens, 2016). In fact, this consumption pattern accentuates the savings as more consumers would be able to minimize their expenditure renting luxury only for special occasions.

	Everyday life	**Special events**	**As much as possible**
Traditional luxury	25%	49%	26%
Luxury sharing	10%	62%	28%

Figure 8: Occasions for luxury consumption in traditional and sharing environments

	Everyda y life	Special events	As much as possible
Traditional luxury	25%	49%	26%
Luxury sharing	10%	62%	28%

In conclusion, the findings expose relevant information about the likability of sharing-based business models in the luxury segment. In the survey, respondents were asked their opinion regarding three different sharing business models applied to well-known luxury brands. Despite the majority of respondents affirmed that the introduction of such services would impact negatively on the brand image, the thoughts they shared on the three business models largely enrich the current understanding of the market. The most liked business model is the one that allows customers to rent luxury items from a company without any kind of contractual constraints. As previously said, this answer is comprehensible as it allows to sporadically utilize luxury without committing to the full price. Moreover, this kind of service allows customers to be totally flexible with their luxury consumption and to constantly try new products. In contrast, the business model that was less appreciated in the survey was the subscription-based luxury rental service. This model has proven successful for the luxury segment, that is the case of Acquired Time and Watch Lending Club (discussed in section 4.1.2). Moreover, one sharing-based service based on subscription has been launched by an illustrious luxury brand: Porsche has in fact presented in the US a Porsche sharing service with a $3.100 monthly fee (Coppola, 2019). Being fairly recent, no financial results have been released yet, however Porsche affirms that this strategic move will impact on the Porsche utilization in the US (Porsche annual report, 2019). Therefore, in practice the subscription-based business model is the only one that has already been tried by a consolidated luxury brand. The last business model assessed in the survey consists in a luxury monobrand marketplace, where luxury items produced by a single company are exchanged on a platform powered by the company itself. 62% of respondents expressed their positive opinion towards this business model, and it is quite comprehensible as many online marketplaces focused exclusively on luxury have reached a plethora of customers. The advantage of using this kind of marketplace is the quality assurance. In fact, on the traditional peer-to-peer marketplaces where all categories of goods are exchanged, such as eBay, frauds are a common occurrence and luxury customers often end up buying fakes thinking they are owning original products. By contrast, luxury peer-to-peer marketplaces, such as Chrono24, try to minimize these scams making sure that all the sellers have a valid and personal contact and introducing sophisticated algorithms to check products and prevent the spreading of fakes. Once again, the business model per se could be a remarkable upgrade for a luxury brand, however it could impact negatively on the perception that the loyal customers have about the brand.

4.2.5 Implications

Many interesting insights on consumers perception of a luxury brand have been uncovered in this chapter. The most important one is the discovery that combining the concepts of sharing and luxury is not necessarily harmful, despite the respective theoretical foundations are diametrically opposed. In fact, the findings of the survey have shown that the majority of respondents like the idea of luxury sharing and would be willing to try it. In contrast, they have expressed some doubts on the effects that the introduction of a sharing service could have for a luxury brand. In fact, if a consolidated luxury brand introduced a sharing service, it would attract a younger share of consumers interested in utilizing luxury for a limited price. However, it is conceivable that the implementation of such service would make a bad impression on the loyal luxury customers who would have consumed luxury regardless of the sharing service. Therefore, luxury brands have to be very careful when thinking about this kind of service and they have to deeply reflect on their actual customer base and on the new segment they would target. Indeed, the introduction of a luxury sharing service could be viewed as a strategic move to depart from the luxury segment, if the price set is low enough to enable new categories of customers to afford the brand. In this case, it would entail a loss of exclusivity and it would imply the democratization of the brand. Nevertheless, Porsche introduced a sharing luxury service and it has not faced any of these problems (Coppola, 2019). Thus, it could be assumed that the outcome might vary depending on many factors, such as the brand identity and the scope of the luxury sharing service.

4.3 Research question discussion

The question that this thesis strives to answer states *"How would a consolidated luxury brand benefit from a sharing-based business model?".* Before addressing this topic, one could ask why a consolidated luxury brand would embrace a sharing-based business model. Typically, consolidated luxury brands do not need to change the way they target their customers as their business models are already largely successful. However, innovation can have different faces and it can be generated by technology push or market pull (Swift, 2005). Observing the luxury industry with a critical eye, both these things can be noticed. Luxury sharing startups becoming larger and successful thanks to the booming of the sharing economy can be considered the technological push. The rise of retail borrowing, defined as a situation wherein customers purchase goods with the intent to return them after the use can be seen as a market pull (Johnson and Rhee, 2008). In fact, this unethical practice is largely spreading among millennials with the intent to try luxury items (Mee Mun et al., 2014). Therefore, some luxury brands could pursue a disruptive innovation, a process that involves applying new technology to their current market (Henderson and Clark, 1990). This disruptive innovation could consist in introducing a sharing platform parallel to the brand core business. In this case, a luxury brand could attract those customers who are not able to afford the full price but would still want to partake in the luxury lifestyle, limiting the unethical behavior of luxury borrowers. Nevertheless, there are a few considerations to be made before taking the final decision to launch this kind of service.

The main risk that luxury brands should bear in mind is the hypothetical loss of exclusivity given by the introduction of a sharing platform. For luxury brands, being perceived as too accessible and losing their exclusive appeal is the major disgrace that can happen. Appealing to the masses can be lucrative but luxury goods manufacturers run the risk of losing their perception of being scarse and out of reach. If top-end luxury brands expand too far into the mass market, they expose themselves and risk to lose their exclusivity. On the other hand, it must also be taken in consideration that luxury is shifting towards experiences and the sharing of luxury goods could be also configured as an exclusive experience (Oates, 2017). In fact, although it is very difficult to categorize shared brands as luxury, there could be other ways to satisfy customers' desire for distinction. If a brand was to offer its goods on a sharing platform, personalized experiences could represent a unique way of distinguishing oneself and fostering the sense of exclusivity. Indeed, communicating luxury through exclusive experiences provided by sharing platforms could be a modern and efficient way to deliver status benefits. In this case the sharing platforms would become facilitators of luxury experiences. This positioning would be a critical point of departure from current luxury branding, which tends to position on high price and scarcity.

However, it is not certain what would happen if a sharing service held the average price of luxury brands, to maintain the traditional values of luxury. For example, if a famous fashion luxury brand provided a service that allows customers to rent their products for one week for a quarter of the full price, the outcome would be uncertain. The price would still be elevated enough to justify the conjunction with the high luxury prices, but it would also allow some customers to use the product for a limited time for a limited price. Keeping such a high price, customers who were loyal to the brand would still prefer the ownership of a product, but the brand would also target a new segment that could not have even afforded to experience luxury for a short time. Other than the price, some essential elements to ensure that a sharing service could be labeled as luxury are high quality and cyber security. The former is a typical characteristic of luxury and as such it should also be comprehended in luxury sharing services, in order to offer exclusive and unforgettable experiences. On the other side, digital security is extremely important for all the online services and a minimum mistake about personal data and customer privacy would impact negatively not only on the sharing service but also on the image of the luxury brand providing the service.

To offset the risks connected to the introduction of a sharing service, luxury brands could launch the service on a secondary platform, website or app. In this case, they could keep the two businesses divided, leaving the core business untouched and using the brand equity to boost the initial reach of the sharing platform. Porsche Passport is the most iconic example of this strategic choice. In 2019, the German automotive brand launched this sharing service only in a few American cities, leveraging on a highly-expensive subscription-based business model. In fact, customers are able to utilize everyday a different Porsche model paying a monthly fee of \$3.100 (Coppola, 2019). With this high-priced, high quality, highly-secure service, Porsche is sure not to contaminate any of its luxury dimensions (Porsche Passport, 2020a). Only time will tell how successful this service will be and what impact it will have on the brand equity; in the meanwhile, all the competitors can just acknowledge how boldly Porsche has acted. Consequently, if this kind of service proved profitable both in terms of revenues and brand image, other luxury brands would face an incredible opportunity in the future. Automotive luxury brands could adopt the same service tested by Porsche Passports. Fashion brands could launch marketplaces where they could facilitate the exchange of goods certifying their authenticity, in exchange for a transaction fee. Cosmetics, spirits and wines brands could adopt a subscription-based model similar to Dollar Shave Club where every month a different set of products is delivered to the customers' address (Dollar Shave Club website, 2020). In the first sub-question, the dimensions typical of successful luxury sharing business models have been identified. Luxury brands could incorporate some of these in their hypothetical sharing initiatives. For example, it could be relevant using a tech-enabled or tech-driven platform and optimize new resources instead of sharing under-utilized ones.

Therefore, going back to the research question, the answer is dichotomous. In fact, a consolidated luxury brand would benefit from an in-house sharing platform in two ways. First, in terms of revenues as the new business would be able to grow and become profitable thanks to its underlying business model. Second, if the sharing service became successful and renowned, it would also have a positive impact on the brand image as it is happening with Porsche Passport in the US, where luxury customers are thrilled by the introduction of the new service (Porsche Passport, 2020b). Nevertheless, these results are not granted, as some fundamental conditions about luxury need to be satisfied. In fact, the company must ensure a secure, top-quality sharing service marketed with an elevated price, in order to maintain the exclusivity intrinsic within the concept of luxury. Only in this manner the service will still be perceived as scarce and out of reach by the mass and the brand image of the luxury company will not face adverse consequences.

Chapter 5: Conclusion

5.1 Limitations

Highlighting the limitations of a research is essential inasmuch it prepares the ground for future research. It is crucial to determine the methodological limitations as well as the limitations concerning the questionnaire and the secondary data (Tharenou, Donohue and Cooper, 2007).

5.1.1 Methodology

A pragmatist paradigm has been chosen, because it gathers elements from different philosophies (Creswell and Plano Clark, 2011). The main critic to pragmatism is the vague nature of its research (Modell, 2010). Indeed, positivism and constructivism, for example, have more clear views of the reality and how the study thereof should be designed (Modell, 2010). However, pragmatism lays in between in terms of methodology and it aims at answering the research question in the best possible manner (Johnson and Onwuegbuzie, 2004). Taking this into account, the author believes that pragmatism is the most suitable research philosophy for the purpose of this thesis.

Despite the application of theoretical models is crucial for scientific investigations, this thesis only utilized one model: the sharing economy compass. The second sub-question does not leverage any model. It employs theories discussed in the literature review section and in the theoretical framework utilizing the survey results to confirm or confute them. However, the primary data collected and analyzed, supported by the existing theories, serves to contribute to the current literature on luxury sharing. Therefore, theories and models serve as a preliminary step in this thesis and do not assume a central role, as it usually happens in most scientific theses. This could be considered as a limitation, but the researches views it as propaedeutic to the contribution to research.

5.1.2 Survey

The analysis and discussion of the second sub-question heavily rely on the results of the survey. Although a survey comes with many advantages, already explained in the methodology section, there are also some downsides in utilizing this method. A survey implies a set of predetermined questions; hence respondents are compelled to follow the structure set out by the researcher (Simon and Goes, 2013). Other collection methods could have been used. A semi-structured interview has the advantage of following a guideline and respondents are free to ask clarifying questions or inquire for more detail (Saunders et al., 2012). It also enables the researchers to ask follow-up questions to the interviewees, to explore topics that the interviewer deems more relevant. Focus groups could have also been used in this research as a means to collect primary data. This method consists in an open dialogue with a small set of participants. However, this collection technique gathers data only from people in close vicinity to the researcher (Collis & Hussey, 2013). This is not adapted to the scope of research which is understanding the global trends of luxury sharing. Nevertheless, despite the limited scope of questionnaires, the researcher has been able to gather some qualitative data because every closed question in the survey had an open alternative where respondents could add their own thoughts.

A further relevant limitation is the way in which the survey was distributed, and subsequently which type of participants were addressed. Since the researcher used online social media channels to spread the survey, the majority of respondents were individuals younger than 35 years old. Theoretically, this may distort the results as a particular group is overrepresented. Nevertheless, since normally the younger generations are the ones most keen on using the sharing economy, the scope of the thesis was not affected by the distribution channels and the respondents' age. Due to the involvement of the researcher in spreading the survey, its personal network impacts on the survey respondents. This can be seen by the fact that 35% are based in Copenhagen and 18% and in Italy. Although the researcher tried as much as he could to minimize its personal impact, the cultural differences and the contextual background can influence consumer behavior. Hence, despite no particular pattern has appeared based on the geographical responses, it can be assumed that if the sample were more globally widespread, the overview on luxury sharing would have been more accurate. Indeed, the same concept applies to the number of survey respondents. In fact, although the predetermined target of 200 was reached, obtaining more responses would have led to a higher degree of validity. As a matter of fact, it is recommended for scientific research to be within the 300 to 500 participant range (Malhotra et al., 2017). The researcher acknowledges that the larger the survey sample is, the more representative of the population the results are. Accordingly, notwithstanding the satisfactory number of responses that provides a sufficient degree of reliability, a larger number of respondents would have led to a more significant level of validity.

Finally, self-completion questionnaires can hinder an effective data collection because they need to keep the attention of the respondent until completion of the survey (Bryman, 2012). Hence, the respondents' willingness to offer their time to answer the questions limits the questionnaire length, as one cannot design a questionnaire with too many questions (Saunders et al., 2012). As a consequence, the scope of explored topics had to be limited and the researcher had to select a limited number of questions to ask. Besides, the majority of these questions had to be closed, in the sense that they entailed predetermined answers. To alleviate the issue of respondents willing to answer in a different way than the predetermined answers, the option of typing an alternative answer was integrated in every closed question. Many respondents used this option providing useful insights; however, it is likely that the employment of qualitative data collection methods would have led to a higher degree of reliability.

5.2 Future research

In light of the exposed limitations, this thesis can be a resourceful starting point for future research on the topic of luxury sharing. The ongoing expansion of sharing economy is constantly changing the global framework, impacting on consumer perception and purchasing behavior. Consequently, the idea that consumers have of luxury sharing today might change over a period of six months. It depends on how they perceive the sharing economy, on how they are used to consume luxury and on the market changes. For instance, if a globally known luxury brand launched a sharing service, the results given by this thesis would become obsolete.

Regardless, seen the novelty of the topic, this thesis might serve as significant inspiration for further research. As the concept of luxury is not globally univocal, researchers could focus on local markets trying to understand the customer acceptance of luxury sharing in different regions

(Kapferer and Bastien, 2012). Otherwise, another global research could be carried out to understand more in-depth what are the general drivers that would discourage customers from utilizing luxury sharing services. Likewise, the reasons why luxury brands are reluctant to enter this market could be deeply analyzed. Further research could also focus on specific target groups, both demographically and psychographically. It would be also relevant to have a theoretical understanding of the necessary foundations to have before launching this kind of service. This would also allow the discernment of whether luxury brands should launch a sharing service, as Porsche already did with Porsche Passport, or sharing companies should launch a luxury version of their service, as AirBnb did with AirBnb Luxe. Moreover, further research could also assess the customer acceptance of a sharing service introduced in a specific industry or by a particular brand. Finally, additional studies on successful luxury sharing initiatives could be carried out to understand which factors are prevailing among these business models.

5.3 Conclusion

The purpose of this thesis is to draw attention on the rising phenomenon of luxury sharing. This paper describes the current status of this phenomenon, highlighting the absence of a theoretical framework capable of analyzing it. Given that this topic has never been studied before, this thesis serves as a groundwork for all the possible paths that future research can take. Indeed, an exhaustive literature review on both luxury and sharing economy has facilitated the discussion of the second sub-question, where the researcher has been able to shed a light on the theoretical conflict in luxury sharing. The key takeaway of that discussion is that despite the notional conflict between the two concepts, luxury sharing can still exist if it is configured in an appropriate manner. Keeping an elevated price that only luxury customers can afford is a hypothetical way to set up a luxury sharing service. In this way, loyal customers would be willing to pay a high price because they would still be using an exclusive service and the innovative concept would attract younger generations who would not be able to afford luxury otherwise. Nevertheless, the primary data collected has shown a large consumer acceptance of luxury sharing initiatives and it has revealed interesting insights on the motivations driving the potential utilization of such services.

Other than exploring consumer attitude towards luxury sharing and clarifying the role of consolidated luxury brands in the sharing economy, this research has also meticulously examined some sharing business models active in the luxury segment, identifying the most common dimensions. The analysis has uncovered that the majority of the initiatives are based on a corporate governance model and they offer a Business-to-Crowd service. Moreover, it has revealed the importance of technology for a sharing-based business model to succeed, as all the investigated business models were either tech-driven or tech-enabled. Then, it has showed that most of the luxury sharing business models are profit-driven and that they sell their services at a market price. The implications of the first sub-question also function as foundation for future research on the business model innovation in the field of luxury. Hence, the author has accomplished the goal of the thesis as he has presented a solid baseline to enhance the academic understanding of the topic and in turn to guide the firms willing to pursue success in luxury sharing initiatives.

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Appendices

Appendix 1: Questionnaire used in sub-question number 2

Welcome and thank you for participating in this survey! The survey aims to find out more about consumer preferences in the luxury industry. The survey is designed for people who have general knowledge about luxury and who have used luxury products or services before. All information will remain anonymous and all answers will be kept confidential. If you have any question regarding the survey, please contact me at: giro18ab@student.cbs.dk Best, Cesare Romano
1) What is your gender? • Male • Female
2) What is your age? • 18-24 • 25-34 • 35-44 • 45-54 • 55+
3) What is your main occupation? • Student • Full-time employee • Part-time employee • Self-employed • Unemployed • Retired
4) In which city do you live?
5) How often do you use luxury products or services? • Never • Rarely • Sometimes • Most of the times • Always
6) In which category do you usually use luxury? • Fashion • Automotive • Watches and jewelry • Hospitality • Other

7) For which occasions do you usually use luxury? • Special events • Whenever I can • Everyday life • Other
8) What are your main driver(s) for utilizing luxury? • Individual hedonism • Superior quality • Displaying to other people • Brand power • Personal emotional elements • Other
9) What are the main reason(s) why you do not use luxury products or services? (Question asked if answer to question 5 is “never”) • High price • Low value for money • It does not meet my taste • Other
Sharing Economy The Sharing Economy comprises online platforms on which users can temporarily access untapped resources such as cars (Uber, DriveNow), rooms/apartments (Airbnb), labour (TaskRabbit) ecc. These resources are usually accessible on-demand. Sharing activities have a positive impact on society because they increase the use of under-utilized assets, which lowers the need to buy one's own assets.
10) What is your general opinion of the sharing economy? • Strongly negative • Negative • Neutral • Positive • Strongly positive
11) How often, per month, do you use sharing economy platforms? • 0 • 1-5 • 6-15 • 15-30 • 30+
12) Which benefits do you find in using sharing economy platforms? • I can achieve higher savings • I can access useful resources without owning them • I can access resources I would not use otherwise • Other
In the last few years, sharing economy has seen a tremendous expansion and the luxury industry is also being affected. Many marketplaces where luxury goods are exchanged have seen the light and luxury sharing platforms are progressively becoming a vivid reality.
13) What is your opinion of luxury sharing initiatives? • Strongly negative

- Negative
- Neutral
- Positive
- Strongly positive

14) For which occasions would you use luxury sharing initiatives?
- I would not use them
- Special events
- Whenever I can
- Everyday life
- Other

15) In your opinion, what are the main driver(s) for using luxury sharing services?
- Individual hedonism
- Superior quality at affordable price
- Personal emotional elements
- Displaying to other people
- Brand power
- I can achieve higher savings
- I can access useful resources without owning them
- I can access resources I would not use otherwise
- Other

Here follow three examples of hypothetical luxury services.

Suppose a well-known luxury fashion brand (e.g. Louis Vuitton) launched a marketplace where owners of the brand's products could rent or sell underutilized products to interested buyers.

16) What would be your opinion of this service?
- Strongly negative
- Negative
- Neutral
- Positive
- Strongly positive

17) In your opinion, what would be the main driver(s) for using this service? (Question asked if answer to question 16 is “positive” or “strongly positive”)
- Individual hedonism
- Superior quality
- Personal emotional elements
- Displaying to other people
- Brand power
- Other

18) What would be the main reason(s) for you not to use this service? (Question asked if answer to question 16 is “negative” or “strongly negative”)
- High price
- Low value for money ratio
- It is incompatible with the brand identity
- Other

Suppose a well-known luxury watches brand (e.g. Rolex) launched a subscription-based service that allows customers to rent each month a different model of their watches. For instance, you would be able to access different Rolex models paying a monthly fee.

19) What would be your opinion of this service? • Strongly negative • Negative • Neutral • Positive • Strongly positive
20) In your opinion, what would be the main driver(s) for using this service? (Question asked if answer to question 19 is "positive" or "strongly positive") • Individual hedonism • Superior quality • Personal emotional elements • Displaying to other people • Brand power • Other
21) What would be the main reason(s) for you not to use this service? (Question asked if answer to question 19 is "negative" or "strongly negative") • High price • Low value for money ratio • It is incompatible with the brand identity • Other
Suppose a well-known automotive luxury brand (e.g. Porsche) launched an in-house rental service that allows customers to rent Porsche cars for short periods of time.
22) What would be your opinion of this service? • Strongly negative • Negative • Neutral • Positive • Strongly positive
23) In your opinion, what would be the main driver(s) for using this service? (Question asked if answer to question 22 is "positive" or "strongly positive") • Individual hedonism • Superior quality • Personal emotional elements • Displaying to other people • Brand power • Other
24) What would be the main reason(s) for you not to use this service? (Question asked if answer to question 22 is "negative" or "strongly negative") • High price • Low value for money ratio • It is incompatible with the brand identity • Other

Appendix 2: analysis of 30 selected luxury business models in the sharing economy

Company	Description	Technology	Transaction	Business approach	Shared resources	Governance model	Platform type
Acquired time	Acquired Time is Singapore's first luxury watch subscription and rental service	Tech-driven	Market	Profit-driven	Optimize new	Corporate	B2C
AirBnb Luxe	Airbnb Luxe is an online marketplace for arranging or offering luxury lodging and tourism experiences	Tech-enabled	Market	Profit-driven	Under-utilized	Collaborative	P2P
Boatsetter	Boatsetter is an online service that offers luxury boat rentals, with or without a captain	Tech-enabled	Market	Profit-driven	Under-utilized	Collaborative	P2P
Click&Boat	Click&Boat is the leader in yacht charter with more than 35000 boats available around	Tech-enabled	Market	Profit-driven	Under-utilized	Collaborative	P2P
Cudoni	Cudoni is an e-commerce business dedicated to selling pre-owned luxury goods	Tech-driven	Market	Profit-driven	New home 4 used	Collaborative	P2P
Dou Bao Bao	Dou Bao Bao is a startup that provides a high-end designer handbag renting service to Chinese consumers on WeChat	Tech-driven	Market	Profit-driven	Optimize new	Corporate	B2C
DriveNow	DriveNow is a ride sharing company that allows costumer to rent BMW vehicles	Tech-enabled	Market	Hybrid	Optimize new	Corporate	B2C
Fabrento	Fabrento provides access to state-of-the-art furniture for rent at any level of price with free delivery, setup, and installation	Tech-enabled	Market	Profit-driven	Optimize new	Corporate	B2C
Feather	Feather is a platform that provides a direct-to-consumer high-end furniture-rental service both through memberships and with ad-hoc transactions	Tech-enabled	Market	Profit-driven	Optimize new	Corporate	B2C
Flont	Flont is a jewelry-rental subscription platform where users can borrow luxury jewels from brands like Cartier, Bulgari, and Tiffany & co.	Tech-enabled	Market	Profit-driven	Optimize new	Corporate	B2C
Hype	Hype is a luxury car, yacht and jet rental service based in India	Tech-enabled	Market	Profit-driven	Optimize new	Corporate	B2C
Lending Luxury	Lending luxury is a designer clothes rental service based in the US	Tech-driven	Market	Profit-driven	Optimize new	Corporate	B2C
Luxify	Luxify is Hong Kong's first online marketplace for buying and selling new, vintage, and pre-owned luxury goods, and connects buyers to dealers, collectors, and sellers.	Tech-driven	Market	Profit-driven	New home 4 used	Collaborative	P2P
Ms.Paris	Ms. Paris is another designer clothing rental platform based in China	Tech-enabled	Market	Profit-driven	Optimize new	Corporate	B2C
One Fine Stay	One Fine Stay offers 10000+ luxury houses available for short term rent	Tech-enabled	Market	Profit-driven	Under-utilized	Collaborative	P2P

Company	Description	Technology	Transaction	Business approach	Shared resources	Governance model	Platform type
Porsche Passport	The spin-off launched by Porsche offers monthly subscriptions is exchange for an all-inclusive car rental experience	Tech-enabled	Market	Profit-driven	Optimize new	Corporate	B2C
Rebag	Rebag is a secondary luxury market e-commerce that connects sellers to buyers	Tech-driven	Market	Profit-driven	New home 4 used	Collaborative	P2P
Rent the runway	Rent the Runway is a subscription fashion service that powers women to rent unlimited high-end styles	Tech-enabled	Market	Profit-driven	Optimize new	Corporate	B2C
Stadium Goods	Stadium Goods is a premium sneaker and streetwear marketplace	Tech-enabled	Market	Profit-driven	New home 4 used	Collaborative	P2P
The black tux	The black tux is an online service that offers premium suits and tuxedos for rent and for keeps	Tech-driven	Market	Profit-driven	Optimize new	Corporate	B2C
The clothing rental	The Clothing Rental is a Mumbai-based company that rents out haute couture apparel at reasonable rates.	Tech-enabled	Market	Profit-driven	Optimize new	Corporate	B2C
The RealReal	The RealReal is the global leader for authenticated luxury consignments	Tech-driven	Market	Profit-driven	Optimize new	Corporate	B2C
Turo	Turo allows consumers to share and rent personal vehicles, included luxury cars	Tech-enabled	Market	Profit-driven	Under-utilized	Collaborative	P2P
Velvetcase	Velvetcase is a fine jewellery online platform that brings together the best independent designers from across the world	Tech-driven	Market	Profit-driven	Optimize new	Corporate	B2C
Wardrobe	Wardrobe is a peer-to-peer closet-share app offering vintage, luxury, and designer clothes	Tech-driven	Market	Profit-driven	Under-utilized	Collaborative	P2P
Watch lending club	Watch lending club is an online subscription-based service that allows customer to rent luxury watches	Tech-driven	Market	Profit-driven	Optimize new	Corporate	B2C
Watchfinder	Watchfinder is an online marketplace for luxury watches based in UK	Tech-driven	Market	Profit-driven	New home 4 used	Collaborative	P2P
Y-Closet	Y-Closet is a Beijing-based startup that provides a high-end clothing rental service to Chinese consumers	Tech-driven	Market	Profit-driven	Optimize new	Corporate	B2C
ZiffyHomes	ZiffyHomes is an online marketplace for home rental services that lets users rent or let out their homes without brokerage	Tech-driven	Market	Profit-driven	Optimize new	Collaborative	P2P
Ziniosa	Ziniosa is a handbag rental portal that lets its customers rent luxury handbags from leading international brands for three, seven, or 15 days, or on a monthly subscription basis	Tech-driven	Market	Profit-driven	Optimize new	Corporate	B2C