



**Feasibility Study of a Digital Platform for  
sharing household  
equipment and resources for a fee in Gauteng.**

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**Thesis presented in partial fulfilment for the degree of  
Master of Business Administration to the Faculty of  
Commerce, Law, and Management, University of the  
Witwatersrand**

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## Declaration

I Greaterman Nkomo declare that this research report entitled “Feasibility Study of a Digital Platform for sharing household equipment and resources for a fee in Gauteng” is my own unaided work. I have acknowledged, attributed, and referenced all ideas sourced elsewhere. I am hereby submitting it in partial fulfilment of the requirements of the degree of Master of Business Administration at the University of the Witwatersrand, Johannesburg. I have not submitted this report before for any other degree or examination to any other institution.



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Greaterman Nkomo

Signed at Johannesburg on the 24<sup>th</sup> of July 2021

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## Table of Contents

|   |           |
|---|-----------|
| DECLARATION .....   | 2         |
| ACKNOWLEDGEMENTS .....  | 5         |
| ABSTRACT.....   | 6         |
| <b>CHAPTER 1: INTRODUCTION .....</b>  | <b>7</b>  |
| CONTEXT AND BACKGROUND TO THE STUDY .....   | 7         |
| RESEARCH PROBLEM STATEMENT.....   | 9         |
| PURPOSE OF THE STUDY .....  | 9         |
| SCOPE OF THE PROPOSED BUSINESS VENTURE .....  | 9         |
| OBJECTIVE OF THE PROPOSED BUSINESS VENTURE .....  | 10        |
| <i>Research Questions:</i> .....  | 11        |
| RESEARCH KNOWLEDGE GAP .....  | 11        |
| DELIMITATIONS OF THE STUDY .....  | 12        |
| ASSUMPTIONS OF THE STUDY.....   | 12        |
| <b>CHAPTER 2: LITERATURE REVIEW.....</b>  | <b>13</b> |
| INTRODUCTION.....   | 13        |
| THE ROLE OF DEMOGRAPHICS IN THE SHARING ECONOMY .....   | 14        |
| <i>Confidence benefits</i> .....  | 14        |
| <i>Relational benefits</i> .....  | 15        |
| <i>Economic benefits as a motivator to participating</i> .....  | 15        |
| <i>Convenience as a motivator for participating in a sharing economy</i> .....  | 16        |
| <i>Enjoyment as a motivator in the sharing economy</i> .....  | 17        |
| TRUST IN THE SHARING ECONOMY .....  | 17        |
| REQUIREMENTS FOR ONLINE APPLICATIONS ADOPTION. ....   | 18        |
| THEORETICAL FOUNDATION .....  | 19        |
| <i>Norm activation model (NAM)</i> .....  | 19        |
| <i>Theory of planned behaviour (TPB)</i> .....  | 20        |
| <i>Technology Acceptance Model (TAM)</i> .....  | 20        |
| <i>Unified Theory of Acceptance and Use of Technology (UTAUT)</i> .....   | 21        |
| <b>CHAPTER 3: RESEARCH METHODOLOGY .....</b>  | <b>23</b> |
| RESEARCH STRATEGY AND PARADIGM .....  | 23        |
| RESEARCH DESIGN .....   | 23        |
| POPULATION.....   | 24        |
| SAMPLE AND SAMPLING METHOD .....  | 24        |
| RESEARCH INSTRUMENT .....   | 24        |
| DATA ANALYSIS .....   | 25        |
| RESEARCH LIMITATIONS .....  | 26        |
| ETHICAL CONSIDERATIONS .....  | 26        |
| <b>CHAPTER 4: PRESENTATION AND DISCUSSION OF THE FINDINGS.....</b>  | <b>28</b> |
| INTRODUCTION.....   | 28        |
| DEMOGRAPHICS .....  | 28        |
| <i>Gender, race and age</i> .....   | 28        |
| <i>Qualification and Employment profile</i> .....   | 29        |
| FINDINGS .....  | 29        |
| <i>Key drivers for participating in a sharing economy</i> .....   | 29        |
| <i>Proposition 1: Economic benefits, that is lower costs associated with access is the main motivation for participating in the sharing economy</i> ..... | 29        |
| <i>The importance of trust in the sharing economy</i> .....   | 31        |

|  |           |
|--|-----------|
| <i>Proposition 2: Community trust is key for the participants in the sharing economy</i> .....                 | 31        |
| <i>Adoption of Digital sharing applications</i> .....  | 33        |
| <i>Proposition 3: People are open to using online applications as long as they meet certain requirements</i> . | 33        |
| <i>Conclusion</i> .....  | 34        |
| DISCUSSION OF THE FINDINGS.....  | 35        |
| <b>CHAPTER 5: CONCLUSION, RECOMMENDATIONS AND LIMITATIONS .....</b>  | <b>38</b> |
| <i>Introduction</i> .....  | 38        |
| <i>Conclusions to the research study</i> .....   | 38        |
| <i>Theoretical and Practical Implications</i> .....  | 39        |
| RECOMMENDATIONS .....  | 39        |
| <i>Recommendations: trust and the sharing economy</i> .....  | 39        |
| <i>Limitations of the study</i> .....  | 41        |
| <b>CHAPTER 6: BUSINESS VENTURE PROPOSAL .....</b>  | <b>42</b> |
| EXECUTIVE SUMMARY.....   | 42        |
| <i>Strategic Review and Plan</i> .....   | 42        |
| SITUATIONAL ANALYSIS (ENVIRONMENTAL, INDUSTRY AND COMPETITOR ANALYSIS).....                                    | 43        |
| <i>Macro Level Analysis (PESTLE)</i> .....   | 43        |
| <i>Market / Industry Level (External Analysis)</i> .....   | 45        |
| <i>Porters 5 Forces</i> .....  | 45        |
| <i>Competitor Analysis</i> .....   | 46        |
| <i>Supplier</i> .....  | 47        |
| <i>Customer Analysis</i> .....   | 47        |
| <i>Swot Analysis</i> .....   | 48        |
| <i>Strengths:</i> .....  | 48        |
| <i>Weaknesses</i> .....  | 48        |
| <i>Opportunities</i> .....   | 48        |
| <i>Threats</i> .....   | 48        |
| <i>Marketing Strategy</i> .....  | 49        |
| <i>Market Analysis</i> .....   | 50        |
| <i>Market and strategic analysis</i> .....   | 50        |
| OPERATIONAL STRATEGY OF THE BUSINESS VENTURE .....   | 51        |
| <i>Operational plan</i> .....  | 51        |
| <i>Financial Implication of the Business Venture</i> .....   | 51        |
| <i>Funding Requirements</i> .....  | 52        |
| <i>Proposed Project Timelines</i> .....  | 53        |
| RECOMMENDATIONS .....  | 53        |
| <b>REFERENCES .....</b>  | <b>54</b> |
| <b>APPENDIX.....</b>   | <b>58</b> |
| INTERVIEW GUIDE .....  | 58        |
| CONSISTENCY MATRIX .....   | 59        |

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## Abstract

**Author:** Greaterman Nkomo      **Supervisor:** Dr. Jacques Totowa

**Thesis Title:** Feasibility Study of a Digital Platform for sharing household equipment and resources for a fee in Gauteng.

This research seeks to investigate the feasibility of a digital sharing application that connects the supply and demand for everyday household components. The research methodology that was used in this study was the qualitative methodology, using interviews. Twelve interviews were conducted via video conferencing using Zoom and Microsoft Teams and all the participants were from the Johannesburg region in Gauteng.

The research findings were that the participants had some assets that were not being utilized and they are willing to list them in a sharing application to make extra income. The research revealed that the key motivation for utilizing the digital sharing application is the economic benefits associated with participating, either through saving money by renting the tools instead of purchasing every tool that they may need to complete a project or to make extra money by sharing their tools for a fee or to save money. The research shows that people are open to utilizing digital sharing applications if the application meets certain standards such as having up to date information; secure and easy to use. The household equipment that people are willing to share include garden tools; toolbox kits; laundry equipment; outdoor furniture; picnic tables and many more.

Based on this research, there is a market for a digital sharing application that focuses on the everyday household components.

**Keywords:** Sharing economy | Digital Applications | Collaborative Consumption | Technology Adoption | Trust | Benefits

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## CHAPTER 1: INTRODUCTION

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Businesses operate within dynamic economic environments and a lot of factors affect and will continue to shape business models. These factors include but not limited to the advancement and consumerisation of digital technology, increased complexity in the prediction of consumer behaviour, as well as environmental and economical constraints (Chambers, 2004). There is a need for organisations to adapt to new business models to better service the market and meet the customer demands in a more efficient and a sustainable way (Chambers, 2004). A new business model called the sharing economy has emerged, where the traditional salesforce is replaced by a platform that connects the suppliers to the consumers of the service (Eckhardt & Houston, 2019). According to a recent article on the Forbes magazine, the sharing economy is expected to grow from 15 Billion USD in 2014 to 335 Billion USD by 2025.

### Context and background to the study

Sharing economy is defined as a scalable socio economic system that take advantage of technology to provide users of the platform with temporary access to resources and assets which may be crowdsourced (Lamberton & Rose, 2012). They continue to define attributes that make up a sharing economy which is that the access should be temporary; and there must be a transfer of economic value which is mediated by a platform which enables an expanded consumer role and they also add that it has a crowdsource supply. According to the PWC Intelligent consumer series, the sharing economy allows people to make money from assets that are underutilized by sharing physical assets as a service (PWC, 2015). Good examples include Uber which provide a ride hailing service and Airbnb which is in the hospitality industry providing temporary accommodation.

The concept of a sharing economy is based on a peer to peer exchange of goods and services aided by a technology platform (Wirtz et al., 2019). The growth of the sharing economy has disrupted the traditional markets in some sectors which has led to debates around their regulatory framework (Zervas & Proserpio, 2017). They add that a platform business model has to create value to all the participants involved and to

be relevant it must have economical value. The basis of the business model behind the sharing economy is the technological backing, the availability of advanced digital platforms and devices has made this to be possible. Although people have always engaged in access driven activities such as rentals, the new technology has made it possible for transactions to happen on demand via an online platform (Chambers, 2004). The online platform is able to dynamically match the demand and the supply for goods and services and due to its scalability, the platform can support a huge number of consumers, therefore pushing the transactional costs down.

The world is becoming more aware of wastage and the need to reuse materials where possible, the sharing economy provides an environment for such. The rationale behind the concept of a sharing economy is that consumers of a service do not need to invest in expensive assets, but can call upon the service on demand at a fraction of the cost (Tabcum, 2019). The owners of such assets can earn money by sharing these assets, which can supplement their income or even become a main source of income as evident with Uber drivers where their livelihoods are solely dependent on being Uber drivers.

Consumer needs are always changing, there is a new wave of attitudes and behaviour that looks at environmentally friendly ways of consuming services. More and more people are opting for experience driven services rather than transactional, they get fulfilment from personal interaction; community and environmental awareness (Haile & Altmann, 2012). Traditionally, ownership represented a status symbol which is no longer the case especially among the younger generation. The access driven model gives the users flexibility to change the products any time they like and are not tied down and are free from costs associated with acquisition and upkeep. There is a new wave of attitude towards ownership especially among the younger generation where people will rather have access to products and services rather than ownership (Yubo & Wang, 2019). Urbanisation and globalisation have a huge influence on how products and services are consumed, and people are living in one area which makes it easy to share. The emergence of online market place make it easy to procure pretty much anything in the world (Yubo & Wang, 2019).

## **Research Problem Statement**

Access to services and resources is usually a huge challenge for the majority of people in the communities, mainly due to the cost associated with the initial outlay to procure such services or products. On the other hand those who have braved the cost of acquiring these products find themselves with expensive assets that are sitting idling after the project has finished (Borcuch, 2016). According to a Harvard Business Review Article on side hustles, 35% of the US workforce has a side job to help them sustain their livelihood (Clark, 2018). Though there is no statistics around side jobs in South Africa, the need to supplement the main income is often a huge challenge for the greater part of the population.

## **Purpose of the Study**

The purpose of the study is to investigate if a market exist to support the proposed business model of a digital application for sharing everyday household items for a fee. This study looks at the individual motivation for the people who participate in the sharing economy, what they consider to be the main incentive to participate in the sharing economy. It also looks at the role played by socio economic factors such age and employment status in the user adoption and the requirements that need to be fulfilled by online applications for people to participate. The study also look at the attributes of a digital application, and the features that attract the participants.

## **Scope of the proposed business venture**

Sharing of household items is not something new, particularly in an African setting specially within rural communities. Urbanisation has since promoted individualism instead of the traditional communalism where people will share resources to the betterment of everyone in the community (Shapiro et al., 1998). Thanks to advancement in technologies which enables a more interconnected ecosystem where people can share resources for a fee, this goes beyond just helping a friend or a neighbour as this economy activity extends to even strangers (Chambers, 2004). The proposed Business Venture seeks to offer cheaper alternatives to accessing everyday household items that the community members may need.

The idea behind the sharing of household items for a fee is that it enhances the usability of an asset and over a period, giving the owner a better return on the assets. The majority of households have underutilized assets that could be monetized therefore creating an opportunity for a lot of people to earn money from their current investments which is a great thing given the economic status of most people in South Africa. Those that are embarking on home improvement projects can also benefit by saving on the cost associated with buying tools. The proposed business venture seeks to participate in this multi-Billion dollar industry. The company will be based in Johannesburg, South Africa and its platform will be accessed via a website or a mobile application.

The scope of the study is to investigate if there is a market for the proposed business venture. This was done through a series of interviews to better understand how people make decisions and their experience with the sharing economy. The study looked at the key drivers in the decision making and how the element of trust impacted the decision of whether to participate in the sharing economy or not. The scope was limited to the residents in the Johannesburg region and the research was limited to physical assets.

### **Objective of the proposed business venture**

The objective of this research is to investigate the feasibility of a digital platform for sharing everyday household items. The platform will facilitate peer to peer sharing and this research seeks to understand the viability of the business model. The business venture will provide an asset sharing platform that allows people to monetize their existing tools and other household items using the platform. This will help anyone who has assets that are underutilized to make extra money by renting out these assets using the platform and on the other hand those require certain tools and equipment they can benefit from the ease of access and competitive rental prices. The platform will act as a matchmaker by matching the suppliers to the demand, thereby creating value for both sides. The business venture will charge an administration fee for every transaction that is facilitated through the platform. The platform will handle all administrative aspects such as processing all the transactions and ensuring that all

participants go through a vetting process for the protection of all the users and to maintain the credibility of the platform.

The process starts with a consumer requesting for a tool or service platform, the application will search for the tools in the nearby location and the requester can send in an application messages to the owner to check if the tool is available. Once availability has confirmed the requester orders the tool by providing the credit card details and arranges for delivery. Upon the return of the tool both the requestor and the owner will need to confirm in the application that the tool has been received. All tools will be crowdsourced and the platform will not carry its own inventory.

The main objective of the research was to investigate the use and adoption of a digital platform for sharing household equipment and services. The research looked at the experience of the participants in using the digital sharing applications such as Uber and Airbnb and the motivation behind the participation in the sharing economy and what people consider to be the main incentive of engaging. To help understand the motives behind participating in the sharing economy the following research questions were posed.

### **Research Questions:**

- 1. What are the key drivers for participating in a sharing economy?*
- 2. How important is trust in making a decision whether to participate in the sharing economy or not ?*
- 3. Does demographics play a role in the digital platform adoption?*

### **Research Knowledge gap**

According to Amit & Zott, (2001) platforms have each specific number of users on each side and value moves from left to right and from right to left. It has not been however studied how the value chain is affected by the by the platform. The majority of the studies on platforms assume that the model is integrated into the market already and therefore how the platforms grow and scale into the market is still not known

(Shuradze et al., 2015). A lot of research has been done on the existing platforms such as Uber; Airbnb ; Amazon and Facebook, however not so many research has been done around the future of the platform industry (Haile & Altmann, 2012; Shuradze et al., 2015; Wirtz et al., 2019). This is most likely due to the fact that the area of study is still relatively new. The internet is growing and value is created in sharing resources, and consumers are adopting this new access based consumption behaviour so fast that the academics are not able to keep up (Prothero et al., 2011). This study serves as an input into a business venture proposal and it paves a way into future research on the sharing of household components.

### **Delimitations of the study**

The research is focused on the Johannesburg region and the sample did not look at South Africa as a whole. The population sample was carefully selected as it represented the target market of the proposed business venture and did not include potential participants outside of the main target group. The research was limited to tangible products, tools in particular and did not include services and perishable products as they did not form part of the scope of the business venture. The business models and frameworks looked at only the behavioural and motivation for user adoption of the sharing economy and did not look at the overall technology adoption models.

### **Assumptions of the study**

The research study has adopted the following assumptions:

- The participants answered the interview questions in an honest and candid manner.
- The participants had a sincere interest in participating in the research and did not have an ulterior motive.
- The participants were familiar with the concept of the sharing economy and had used at least one sharing application.

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## CHAPTER 2: LITERATURE REVIEW

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### Introduction

This chapter introduces relevant literature on access-based consumption and applicable business models. Miller, (2019) defines the sharing economy as the use of technology to facilitate the exchanged access of goods or services between two or more parties. This is, however, not a static definition which is prone to constant evolution, similar to the industry. The sharing economy has been labelled as one of the most rapidly increasing business trends with mass investments from venture capital (Miller, 2019; Wallenstein & Shelat, 2017). Notable examples are Airbnb and Uber; however, the sharing economy concept extends across industries like professional and personal services, example: freelancers, trade experts and short-term labourers, artisans. The healthcare industry has also embraced the exchange of medical equipment between different facilities via companies like Cohealo and Doctor On Demand (Verel, 2014).

Traditionally, consumption has been as a result of possession and individuals have always build their identity around possession. This phenomenon has been studied by many researchers especially in marketing (Puschmann & Alt, 2016). Due to economic demands and the need to serve the environment there is a recent emergence and the rise in the access and sharing based consumption of products and services (Tussyadiah, 2015). The research in the alternative forms of consumption is limited, Bardhi & Eckhardt, (2012) define access based consumption as transactions that can be mediated without the change in ownership.

## **The role of demographics in the sharing economy**

Research has shown that the younger generation is more likely to participate in the sharing economy (Godelnik, 2017; Hsiao et al., 2018; Lutz & Newlands, 2018). Hall & Krueger, (2018) conducted an analysis of the Uber drivers in the US and found that the Uber drivers in the US are younger than the average workforce and were more educated. In the same study, the authors discovered that the younger riders used the service more frequently compared to the older riders (Hall & Krueger, 2018). Based on the data from the U.S Census Bureau's American Community Survey, Colby & Bell, (2016) found that the on-demand economy is attracting a diverse group of people, however almost half (49%) were millennials (age 18 – 34). The same study revealed that most of the participants in the sharing economy were white (63%) followed by the African American (17%), the Asian made up 12% and lastly the Hispanic at 9%.

According to the Pew Research Centre, Smith, (2016) found that there was no significant differences between the genders in terms of participating in the sharing economy. Lutz & Newlands, (2018) on the Airbnb case study found that women are more engaged in the home sharing than men however the differences between the genders was so small that they concluded that gender does not have an impact on the participation in the sharing economy. Education as a predictor of participation in the sharing, the studies have shown that people with higher levels of education are more likely to participate in the sharing economy (Godelnik, 2017; Hsiao et al., 2018). Frenken & Schor, (2017) concluded that better educated participants were likely to gain more from the sharing platforms by offering access to personal assets. As with education, income level or socio economic status is positively associated with the participation in the sharing economy (Smith, 2016).

## **Benefits of participating in the sharing economy**

### **Confidence benefits**

According to Patterson & Smith, (2001) confidence benefits are one of the reasons why individuals chose to participate in the sharing economy. They describe the confidence benefits as the feelings of reduced anxiety and trust and confidence in

the provider which speaks to the customers' needs for confidence in the core services and a need for a stable relationship with the provider. Studies have linked the confidence benefits to a positive long-term commitment to a service provider (Borcuch, 2016; Hennig-Thurau et al., 2002). Belk, (2010) adds that higher levels of confidence in interaction between the participants and the sharing platform provider will results in customers' lower anxiety concerning the services and gaining more confidence on the provider's ability to deliver.

### **Relational benefits**

The social aspect and the possibility of creating social relationships can also promote participation in the sharing economy (Görög, 2018). According to a case study on the perceived value in Airbnb it was found that one of the key motivations to travel is the interaction with the locals and it impacts customer experience and satisfaction (Stollery & Jun, 2017). They elaborate that the main reasons why travellers chose to use Airbnb is the desire for social relationships with the community and a meaningful interaction with the hosts. Barron et al., (2018) adds that social connections can enhance the overall value of the sharing economy. They continue to say that, though making money is a key factor for participation, the social aspect is the other key factor that keep the participants involved.

### **Economic benefits as a motivator to participating**

A review on literature on the sharing economy reveals that the sharing economy creates economic benefits for providers; consumers and intermediaries (Görög, 2018). For consumers it offers increased convenience as they can use a specific product for a particular purpose, and it also holds an economic benefit as due to lower capital investments instead of having to purchase it. Providers and intermediaries also benefit from new business models and services. The sharing economy which is characterised by online platforms and communities create collective benefits which helps the general public at large (Hamari et al., 2016). A study conducted by Deloitte, (2015) on the state of the sharing economy in Switzerland found that 65% of the surveyed population considers lower costs a key benefit of utilizing sharing services, while 40% of the participants believe that the convenience is the key driver for the participation.

Both the participants and the service provider stand to gain economically from engaging the sharing economy, the participants benefit from lower prices and the ability to make extra income (Richter et al., 2017). The good example for economic benefits for participants is in the ride hailing service, the drivers face lower entry barriers into the driving market; receive a better pay and work flexible hours compared to a traditional taxi industry (Kashyap & Bhatia, 2018). They continue to say that users in turn benefit from increased efficiency and affordability especial when using the car-pooling options.

### **Convenience as a motivator for participating in a sharing economy**

Chen, (2009) argues that access-based consumption can be motivated by convenience, when the object is closer to the consumer, access is most likely. Access based consumption can also differ based on the market mediation, which can either be for a fee or free. The free access based consumption has always existed and more recently the peer to peer exchange has emerged where goods and services are accessed via a technological platform for a fee (Chen, 2009). Consumer involvement can either be limited or extensive depending on the type of a service.

The nature of the consumption can be a self-service which requires hundred percent consumer involvement, or it can be a full service where no customer involvement is required. Chen (2009) suggests that the nature of the object being accessed plays a major role in defining the nature of the access-based consumption. The nature of the good or service may vary in form, either experiential or functional or physical or digital. Access based consumption may differ based on the nature of political consumerism. Access can be politically motivated or can be motivated by the environmental concerns like in the case of Bike sharing in the European countries. The political aspect of access may shape the consumer identification and how they relate with other consumers. With access-based consumption, consumers are able to access goods and services that they could not have otherwise afforded on their own. As compared to ownership consumers are able to attain benefits from a good or service based on the rental fee that they pay (Lovelock & Gummesson, 2004).

## **Enjoyment as a motivator in the sharing economy**

Research has shown that enjoyment derived from the activity itself is one of the key motivators in participating in the sharing economy (Hamari et al., 2016). They went on to say that the intrinsic benefits associated with the actual activity is usually intangible. According to a research on the sharing economy by PWC,( 2015) found 63% of the participants found engaging in the sharing economy more fun than engaging with the traditional companies. McArthur, (2015) also suggested that the intrinsically motivated users are driven by enjoyment derived from the actual activity, while the extrinsically motivated user are driven by the externally factors such as economic benefits. According to Lin & Lu, (2011) on the study of continued use of social networking services found that enjoyment is a primary motivator followed by the number of peers and usefulness. Perceived enjoyment from participating in the sharing economy positively influences the intention to participate.

## **Trust in the Sharing economy**

In the sharing economy consumers who are geographically apart can now share goods and services in a click, and a new focus in research around access based consumption has emerged (Eckhardt & Houston, 2019; Lamberton & Rose, 2012). Access is different from the ownership as in access there is no transfer of ownership that takes place and consumption does not mean ownership (Belk, 2010). Trust is crucial for the success of online platforms as transactions are initiated online but concluded offline with an element of physical interaction which may increase risk for the provider (Huurne et al., 2017a). In the context of the sharing economy trust is assumed to play an important role, facilitating trust among strangers is key because the providers of goods and services are exposed to the potential user's opportunism (Huurne et al., 2017a). Lack of trust in the sharing economy may reduce participation which may erode future transactions.

In a survey among eBay users found that positive ratings of sellers lead to higher levels of trust (Huurne et al., 2017a). They went on to propose that the relationship between reputation indicators and trust between peers is controlled by self-construal. According to Abramova et al., (2015) negative ratings have a stronger impact on the buyer than the positive ones. Studies have shown that the perceived information

quality has a positive influence on trust (Chin et al., 2020; Hsiao et al., 2018; Huurne et al., 2017b). When buyers experience information asymmetry, this leads to lower levels of trust (Chin et al., 2020). The way a seller responds to feedback influences a buyer's trust (Pavlou & Dimoka, 2006). They continue to say that the content of the feedback can influence a buyer's trust.

### **Requirements for online applications adoption.**

Though the collaborative consumption can be seen as a new phenomenon, the sharing of goods among community members is not anything new, however due to the internet the sharing of goods has expanded beyond close family and friends in the neighbourhood (Hamari et al., 2016). The sharing platform provides temporally access, as compared to ownership which is long term. Access can be a onetime transaction like renting a car or it can be longitudinal like having a gym membership which involves a series of usage over time. Another aspect of temporality the length of time the object is being used. Miller, (2019) argue that the long-term usage can lead consumer to gain a perceived sense of ownership as the duration allows for the consumer to intimately know the object.

Quality application features such as usability; reliability; access convenience and ease of use promotes user adoption and creates a pleasant user experience (M. Lin et al., 2011). Quality platforms provide users with up to date and timely information; consistent and easy to navigate user interface leading to a higher platform usage (Jiang et al., 2017). The Technology Acceptance model indicates that system usage can be predicated by a user's motivation and is influenced by the system's features and capabilities (Chuttur, 2016). He went on to propose that the user's motivation can be explained by three factors, namely the perceived ease of use, perceived usefulness and the attitude towards using the system. His theory is that the user's attitude towards the system is the main determining factor as to whether they will use the system or not. The user's attitude was seen to be influenced by the perceived usefulness and the perceived ease of use. The perceived ease of use was believed to have an influence on the perceived usefulness.

## **Theoretical Foundation**

In this section the study looked at four theories that are applicable in the sharing economy and the adoption of digital applications. The theories emphasized the user journey to adopting the digital technology and what is perceived to be the motivator to participate. These theories are discussed in detail in the below sub sections.

### **Norm activation model (NAM)**

The Norm Activation Model (NAM) was developed to examine the personal intention and individual behaviour in a pro social context (Schwartz, 1977). The model says that one's behaviour or intention is influenced by the personal norm and these norms are generated through ascribed responsibility and the level of problem awareness (Schwartz, 1977). This theory is relevant to this study as it looks at individual behaviour and intention which is critical in the adoption of the proposed digital sharing application. Knowing how people behave can help predict the user adoption, the NAM has been applied to psychological; environmental and behavioural studies in order to determine the impact on personal norm on behaviour (Liu et al., 2017; van der Werff & Steg, 2015; Zhang et al., 2017).

The NAM has three major constructs for predicting prosocial behaviour, these are awareness of consequences (AC) ascription of responsibilities (AR) and the personal norm (PN) (Steg & Groot, 2010). They continue to say that AC looks at the problem awareness and refers to whether someone is aware of the negative consequences for others or things that the person values. The AR refers to the feelings of responsibility for the negative consequences and the PN refers to the moral obligation to perform or refrain from specific actions (Steg & Groot, 2010). The figure below shows the Norm activation model which suggests the awareness of consequences and ascription of responsibility are key to formulating a personal norm which in turn leads to a particular behaviour. In the context of the sharing economy, people may decide to participate or not to participate based on their personal norm.

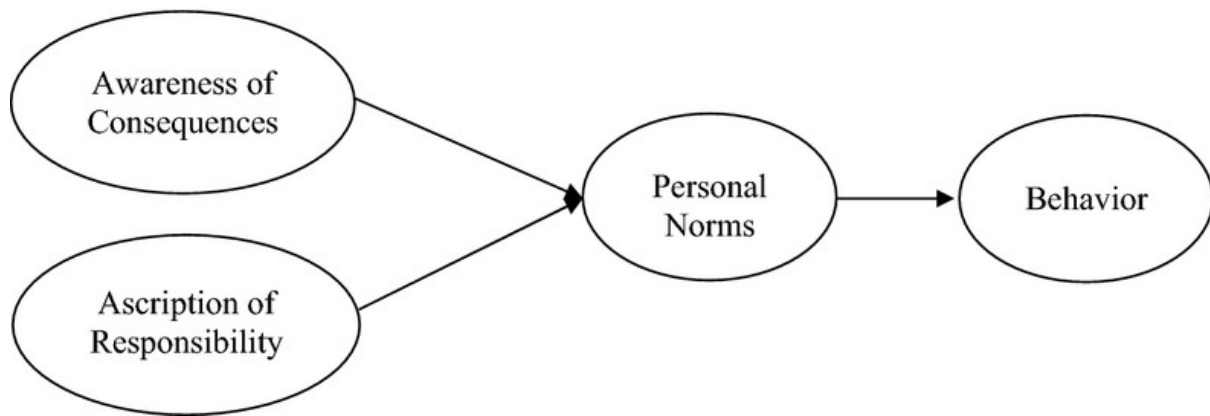


Figure 1: Norm activation model ((Liu et al., 2017)

### Theory of planned behaviour (TPB)

The Theory of planned behaviour suggests that attitude toward behaviour (ATT), subjective norms (SN), and perceived behavioural control (PBC) affect a person's behavioural intentions (Liu et al., 2017). ATT is defined as one's positive or negative evaluation of the benefits and drawbacks of performing a specific behaviour, it is an individual's beliefs about the outcome of performing the behaviour (Zhang et al., 2017). They go on to say that if an individual has strong beliefs that positive outcomes will result from performing a certain behaviour, he or she will have a positive attitude toward the behaviour. Ajzen, (2011) also added that an individual's intention to perform a certain behaviour is based not only on his or her ATT but also his or her SN, which refer to the degree of social pressure regarding the behaviour. SN is the individual's perception of the opinions of significant others who are close to or important to the individual and who influence his or her decision-making. Accordingly, if a person believes that most of his or her important referents are in favour of the behaviour, the person is likely to be motivated to meet their expectations, while a person who believes that most of his or her important referents are opposed to the behaviour is less likely to be motivated to perform the behaviour.

### Technology Acceptance Model (TAM)

The Technology Acceptance Model is a user acceptance model that was developed by Fred Davis to study the acceptance of technology in corporate (Chuttur, 2016).

The model was initially part of a Massachusetts Institute of Technology (MIT) dissertation in 1985 to check whether it was worth investing in computer technology or not. The Technology Acceptance model indicates that system usage can be predicated by a user's motivation and is influenced by the system's features and capabilities. Many researchers have come up with new variables based on the Technology Acceptance Model. (Agarwal & Prasad, 1998) have made some additions to the Technology Acceptance Model by adding the construct of compatibility. Compatibility refers to the alignment with the work styles; existing work practices; previous experience and with individual values. Lin et al., (2011) suggested personal innovativeness as one of the constructs in the Technology Acceptance Model.

Chuttur, (2016) proposed that the user's motivation can be explained by three factors, namely the perceived ease of use; perceived usefulness and the attitude towards using the system. His theory is that the user's attitude towards the system is the main determining factor as to whether they will use the system or not. The user's attitude was seen to be influenced by the perceived usefulness and the perceived ease of use. The perceived ease of use was believed to have an influence on the perceived usefulness.

### **Unified Theory of Acceptance and Use of Technology (UTAUT)**

The Unified theory of acceptance and use of technology model was developed by Venkatesh and others. The model looks at the intention behind user adoption for any information system as well as the usage behaviour pattern (Venkatesh et al., 2016). The model is based on four key constructs; the performance expectation which looks at the level of satisfaction and the perceived benefits to the users when performing certain tasks. The effort expectation which is the degree associated with the ease of use, the level of effort that the user believes is required when using a particular technology. Social Influence is another factor and it focuses on the extent to which consumers believe friends and family expect them to use the technology. Facilitating Conditions refers to the consumer's perception of the resources and assistance available to them to be able to utilize the technology. The model also looks at four moderators namely age; gender; experience and voluntariness, these

relate to predicting the behavioural intention to use the technology. The model is relevant to the business venture as it looks at the journey that the participants will go through in the decision to participate and start using the proposed application.

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## CHAPTER 3: RESEARCH METHODOLOGY

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This chapter looks at the research methodology that was used for this business venture proposal and will cover the research design; population sampling; data collection and data analysis. The research seeks to investigate the viability of the business model and to understand the receptiveness of the target market to utilizing a digital sharing application to share everyday household items for a fee. Therefore one needs to select an appropriate research approach before starting the process of data collection which is what this chapter is about..

### **Research Strategy and Paradigm**

There are three types of research approaches, namely quantitative; qualitative and mixed approach (Rasch & Wenzel, 2013). For this business venture, the chosen research methodology was the qualitative research methodology as it is more participatory and allow the researcher to collect open and emerging data in order to draw some conclusion on the feasibility of the business model. Creswell, (2014) argued that qualitative research takes a more holistic view of a social phenomenon and can be impactful when looking to understand theories. Bryman & Bell, (2015) add that qualitative research is more flexible in data collection and can lead to a more effective research when looking at social issues. This research chooses to follow a qualitative research method for the reasons mentioned above. The purpose of this research is to gain an in-depth knowledge of the online platform adoption in South Africa, and primarily in the Gauteng region.

### **Research Design**

The primary research methodology for this business venture was qualitative and uses interviews as the main vehicle for data collection. The study chose this methodology because qualitative research evokes a meaningful dialogue that gives the research more detail (Bhattacharjee, 2012). According to Creswell, (2014), a research question is the most important part of any research design as it

summarizes what the researcher is looking to understand from the research, the research questions were carefully selected for this reason.

## **Population**

The target population for this research is the middle class and the target ages range from 30 to 55 years. According to a report by Credit Suisse, (2019) in South Africa the middle class is considered to be individuals whose net worth is between ZAR 120,000 and ZAR 1.2 Million and using this research it is estimated that around 28.5% of the South African Population is in the middle class. Looking at the nature of the business value proposition, this audience is likely to respond to the questions and it is more likely to utilize the service as the business venture is targeted at people who own homes and will need to do some form of DIY project and those that have accumulated some tools that can be rented out using the platform. Gauteng is the economic hub of South Africa which is the reason why the study was focused on the Gauteng residents and the platform will be initially launched in Gauteng.

## **Sample and Sampling Method**

The participants were a group of middle-class individuals who are based in the Johannesburg region. This research chose a non-probability sampling, particularly a purposive sampling method. The sample was chosen based on the researcher's judgement in inviting the participants. The sample was comprised of twelve volunteers which was made up of eight males and four females. All the participants were of ages ranging from the age of 30 to the age of 55.

## **Research Instrument**

The market research was done through a series of interviews. An interview guide was prepared in order to structure the thought process and the interview questions. This study chose this research instrument as the objective of the research was to explore the experiences of the participants in utilizing the digital sharing applications with interviews the researcher was able to gather more information around the views

and beliefs of the participants. Though the researcher had prepared an interview guide, the interviews were unstructured, and the researcher had the freedom to modify the wording and the sequence of the interview questions. The interview guide had some demographic questions such as gender; ethnicity; employment status and education, these types of questions helped the researcher to better understand the potential participants in the sharing economy. The rest of the questions were around the experience of the participants in utilizing the sharing applications and what they considered to be the main motivation for them to participate. The other questions looked at the household components and what the participants were willing to share with the community and if they will be willing to use the proposed platform. These interview questions helped the researcher to have a more holistic view of what people are looking for in a digital sharing application and what household components they will be willing to share.

## **Data Analysis**

The data was analysed using thematic analysis, and coding was applied to the interview transcripts to identify common themes and ideas that came up repeatedly. The data was presented by means of tables, charts, and quotes which were interpreted individually or jointly to convey the non-verbal communication found during the interviews. The thematic approach was perfect for this study as it helped the researcher to better understand the views and experience of the participants in utilizing the digital applications in the context of the sharing economy (Bryman & Burgess, 2002). Coding was used in this research as an approach to thematic analysis, each code represented an idea or feeling that came up as part of the interview. The researcher went through the interview transcript to identify anything that jumped out as relevant and aligns to the research objective.

## **Research Limitations**

There are some limitations in this study that could be addressed in the future studies. First, given that the participants took interviews on a voluntary basis, the research is open to incompleteness; error or deliberately falsification of information by the participants and may negatively affect the results. Secondly, the sampling method that was chosen for this study is a non-probability purposive sampling method which relied on the judgement of the researcher and may be prone to high levels of bias is vulnerable in errors in judgement of the researcher. The sample size was a bit small to be considered representative of the population this was due to the access to the participants by the researcher as some interviews were cancelled by the participants at short notice.

## **Ethical Considerations**

The process of getting ethics clearance on the topic at Wits Business School was very thorough as it had to ensure that the topic and the research methodology meets all the ethical guidelines set by the school. Throughout this research process high ethical standard was maintained, full consent was obtained from the participants prior to the study. Extra precaution was taken to ensure that the participants were protected and no confidential information about the participants was requested as it did not add any value to the research. The participants were informed on the goals and objectives of the research, and they clearly understood the purpose of the interview. The participants were treated with respect and dignity, in presenting the findings of the study the participants were referred to by their pseudonym names to maintain their anonymity.

The interviews were done on a voluntary basis and the participants understood and knew that they had the right to withdraw from the study at any stage if they wish to do so. Each interview was conducted individually via a video conference and extra precaution was taken to ensure that no one was listening to the conversation. The interviews were recorded with the permission of the participants and the data

transcribing was done in a private room using headphones to avoid the possibility of anyone listening to the interview recording.

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## CHAPTER 4: PRESENTATION AND DISCUSSION OF THE FINDINGS

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### Introduction

The foregoing section focused on the research methodology employed in this study. The purpose of this section is to provide a detailed analysis of the findings of the study and the section is split into three sub-sections. The study starts by outlining the demographic profile of the participants, thereafter, followed by the findings, and then the conclusion. The findings were summarized using thematic analysis. The data is presented by means of tables, charts, and quotes which are interpreted individually or jointly to convey the non-verbal communication found during the interviews, where appropriate.

### Demographics

This sub-section presents the demographic profile of the participants, which consists of gender, race, age, qualifications, employment.

#### Gender, race, and age

Figure 2. shows the gender, race, and age profile of the participants. The participants ranged from the ages of 30 to 55, with most of the participants between 35 and 45 years of age. Below is a graphical presentation of the participants' profile and most of the participants being of African descent,

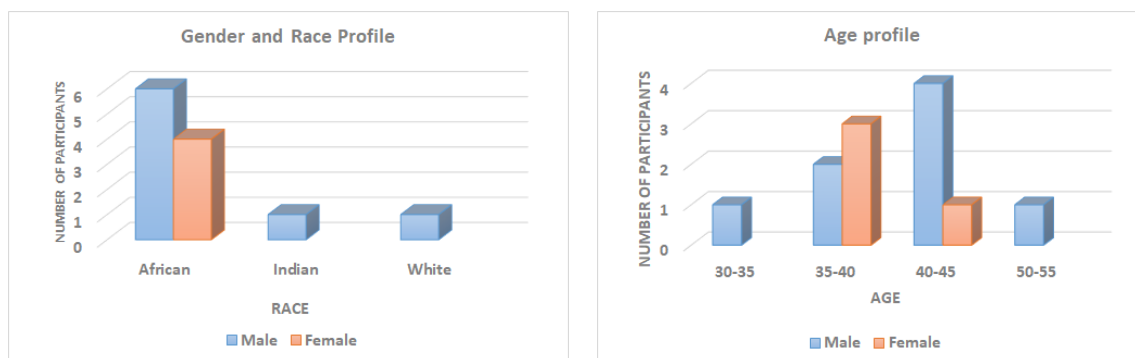


Figure 2: The gender and race profile of the participants

## Qualification and Employment profile

Figure 3 shows the qualifications and employment profiles of the participants. All the participants were fully employed and had a formal education.

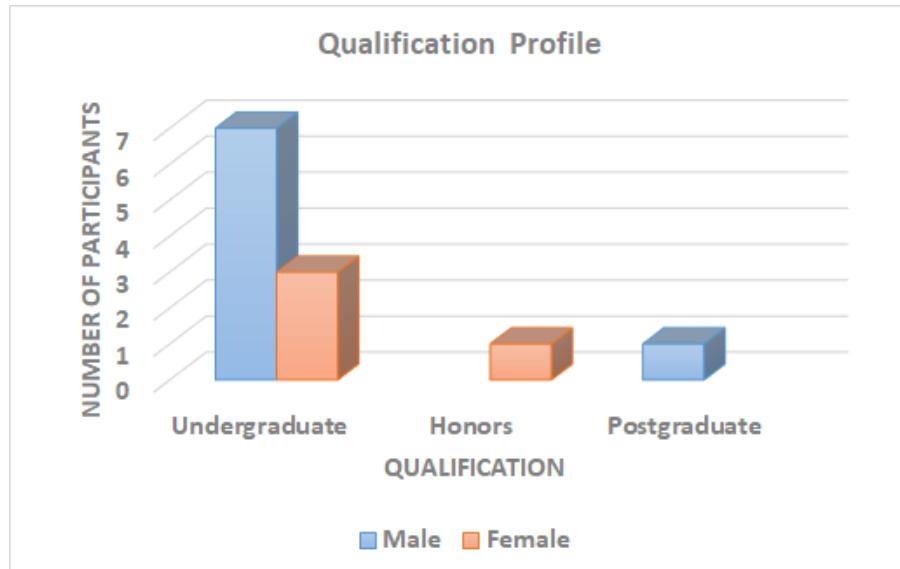


Figure 3: Qualifications and Employment profiles of the participants

## Findings

### Key drivers for participating in a sharing economy

This sub-section presents the findings on the key drivers for people to participate in a sharing economy as identified by the participants, the main motivation for participating or utilizing the digital sharing applications and their view on collaborative consumption model compared to buying and selling individually. The interview question identifying the codes, category and themes are presented in this section, and views expressed by the participants on these themes are also quoted.

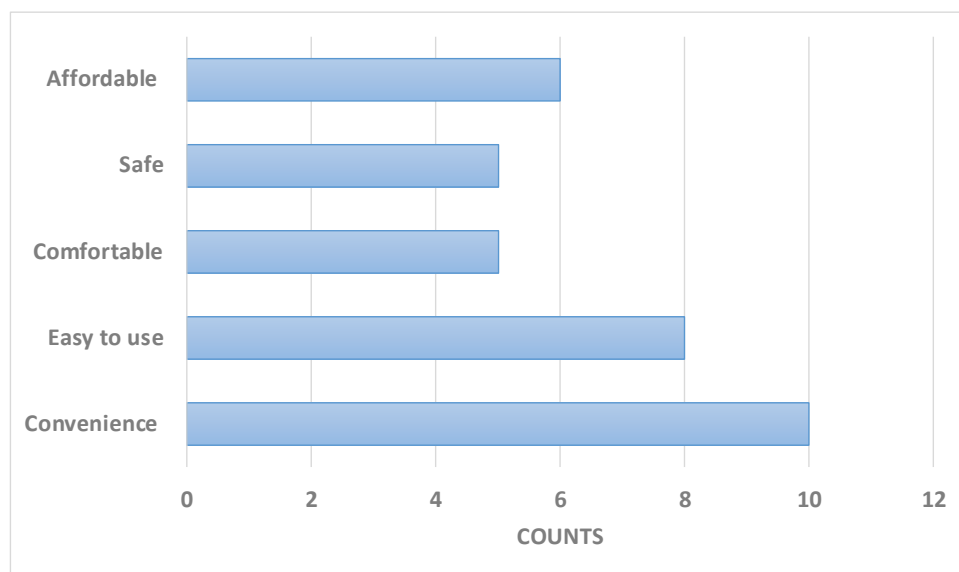
**Proposition 1: Economic benefits, that is lower costs associated with access is the main motivation for participating in the sharing economy.**

Most of the participants believes that there are benefits to participating in the sharing economy as it can be affordable and can potentially create an opportunity to make extra money. The participants were asked for their experience with using sharing applications and their motivation for using such applications. The common theme was

convenience, most people choose to use this sharing application due to the level of convenience that they provide, and the expectation is that the business venture sharing application should be able to provide the same level of convenience. Ease of use was another theme that came up very strongly from the interviews, the participants believe that the application should be intuitive and very easy to use for them to be able to adopt it. Affordability came up as a third theme and the results show that the participants in the sharing economy are looking for affordable alternatives to the way they consume resources and services and more convenient ways that do not require huge efforts to utilize.

The below graph shows the responses from the participants on what they deem to be a motivating factor for utilizing a digital sharing application.

*Motivation for utilizing the digital sharing applications*



*Figure 4: Motivation for utilizing the digital sharing applications*

The below table shows some of the quotes from our participants around what they consider to be the main motivation of participating in a sharing economy. The quotes

from the participants are included to help the report reader to better understand what was said by the participants.

*Table 1: Inputs from the Participants*

| Question   | Participants' inputs   |
|--|--|
| What do you consider to be the main motivation for participating / utilizing the digital sharing applications? | <i>“Technology is cool, and as people we usually want a sense of belonging, if one of our friends is using a new app, we are most likely to try it out. The sharing applications has the ability to bring people together and foster that sense of community.” – Participant 3</i> |
|  | <i>“So for me the application must be easy to use, I must have the price very clear and the rules clearly stipulated. The appliances must be dropped and picked up for my convenience and just not have faulty appliances when you need something to use.” – Participant 6</i>     |

### The importance of trust in the sharing economy

This sub-section presents the findings on the importance of trust in the sharing economy by the participants. The interview question identifying the codes, category and themes are presented in this section, and views expressed by the participants on these themes are also quoted.

#### Proposition 2: Community trust is key for the participants in the sharing economy

Most of the participants believe that collaborative consumption is the future and something that should be embraced to promote efficiency and sustainability. The results show that though the participants are open to sharing household components, they are only open to sharing things that they don't deem to be of sentimental value. Gardening tools and toolbox kits came out as the leading tools that people are willing to share using a digital platform.

The below graph illustrates the spread of the components that the participants are willing to share using the proposed platform.

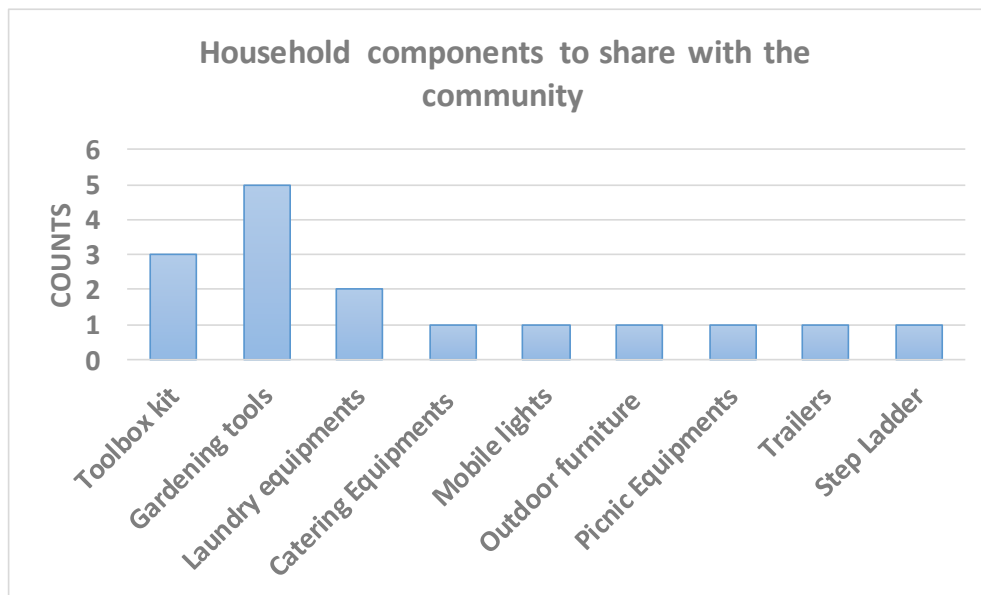


Figure 5: – Household components that the participants are willing to share

Below are some of the responses from the participants around the household components that they are willing to share.

Table 2: Inputs from the Participants

| Question  | Participants' inputs   |
|---|--|
| Which household components will you be comfortable sharing with neighbours and other people in the community? | <i>"Lawn mowers, garden equipment and toolboxes" – Participant 1</i>   |
|   | <i>"I mean everything, the lawn mower get used once every two weeks. I have wheel barrows, the pool cleaner is hardly ever working, hammers, toolbox. All things that you ever need but mostly you use once a month or once every two months depending on how much of a handyman you are." – Participant 5</i> |
|   | <i>"I am not 100% comfortable – unless if the opportunity is so great that the replacement amount can easily be raised through the rentals. Maybe things that don't break easily like step ladders and non-electric tools." - Participant 7</i>  |

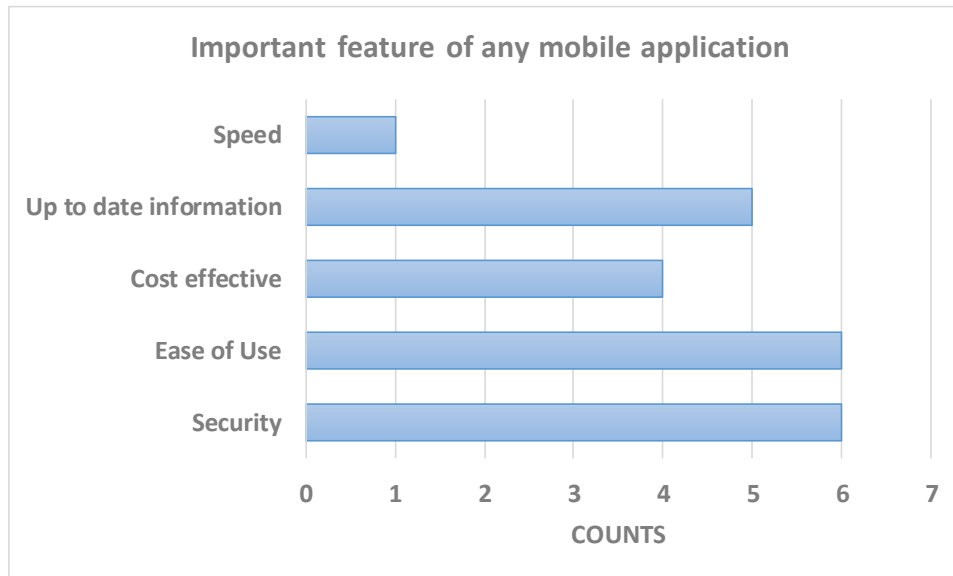
## Adoption of Digital sharing applications

**Proposition 3: People are open to using online applications if they meet certain requirements**

Most of the participants are open to listing their household components and tools on an online application to make extra money. All the participants were already using sharing platform such as Uber and Airbnb. They were open to sharing their information with the application as they believed that their information will be used only for the intended purpose. When asked what they considered to be an important feature that the online application should have, security and ease of use were tied at number one followed by having up-to-date information.

Security is very important especially since the application will be internet based and personal information if it is in the wrong hands, it maybe be used for malicious activities. For this reason, security as a key feature was being emphasized by all participants. Equally, the participants believe that the ease of use of the application is important as it makes it easier to participate and improves the level of perceived convenience. Lastly, the participates believe that the sharing application should have up to date information to facilitate informed decision-making process.

*Table 3: Important feature of any mobile application*



Below are some of the quotes from the participants around the important features of an online application.

*Table 3: Inputs from the Participants*

| Question  | Participants' inputs   |
|---|--|
| What do you consider to be the most important feature of any mobile application for you to consider utilizing it? | <i>“Has to be security, to use most of these applications you need to share your personal details. It is important for me to know that my information is safe and will only be used only for the transactional purposes and not used in a malicious way or something like that.” – Participant 2</i> |
|   | <i>“Ease of use, effective and accurate, with good workflow capabilities keeping users and providers fully up to date with events.” – Participant 4</i>  |

## Conclusion

The results above support the proposition that the main motivation for people participate in the sharing economy are the economic benefits. People will adopt an online sharing application if value is created for the participants and the application is of quality that people can trust. The application user interface should be easy to use, and the information should always be up to date. Trust is the main digital currency

when it comes to the sharing economy, the integrity of the platform should be maintained, and the application should deliver on its promise.

## **Discussion of the findings**

The findings are in line with the literature, for example, Hennig-Thurau et al., (2002) place emphasises on the quality of the products and services and suggest a feedback mechanism to be able to improve on the service provided. While the ratings on the system can be a good mechanism for quality control, the argument can be that they are not designed for extreme events and accidents which may render them not adequate if used only alone. The findings show that the participants in the sharing economy are more concerned with security matters and their decision to participate is also influenced by the feeling of security, as highlighted by Bardhi & Eckhardt,( 2012).The safety standards and background checks are the usual regulatory mechanisms used to resolve these issues however the researcher argues that these are usually hard to enforce and it is usually unclear who is responsible for accidents in the sharing economy. The participants are more likely to establish a relationship with a platform provider who has proven that they can be trusted and they feel safe when engaging with the application. This study found that safety and security is important for the participants and that the platform providers should ensure that the users do not have to worry about criminal issues which is consistent with prior studies on the sharing economy (Hennig-Thurau et al., 2002).To this end, service providers should ensure that they do everything they can to improve safety benefits that customers receive. The findings add to the growing evidence of the important role of commitment in understanding customer behaviours.

The first research question is looks into the key drivers for participating in the sharing economy. As seen from both the literature and the research, positive aspects of the sharing economy dominated the discussions with, participants highlighting the economic benefits as well as the benefits to the environment at large. However, a number of some concerns were raised, highlighting the social, economic and practical conditions that would need to be met for the business model to be feasible. Exploring the differences between user and public discourses surrounding uptake of

sharing economy practices and business models, this paper contributes to existing literature surrounding the consumer motivations for participation in the sharing economy. On a personal level, the importance of affordability, convenience, and hygiene were echoed as crucial conditions influencing desire to participate in specific sharing practices and business models (Bardhi & Eckhardt, 2012; Hamari et al., 2016). As a concept, the sharing economy was particularly appealing to many participants due to a sense that in recent years, increasing isolation in society has led to a breakdown in local communities.

Another finding surrounded the issue of trust in the sharing economy. Although trust is a well-known component of consumer motivations to participate in specific sharing practices or business models, previous research has focused on consumer satisfaction around trust of specific businesses (Akhmedova et al., 2021; Hsiao et al., 2018; Huurne et al., 2017b). Considering how citizens more widely are likely to respond to attempts to mainstream the sharing economy, our research has identified a set of broader social values that may influence public acceptability of sharing practices and business models, including affordability, convenience, fairness, trustworthiness, cleanliness and safety (Chin et al., 2020). For sharing practices or new business models to be successful, it is thus likely that these values will need to be embedded within the arrangements for a successful sharing, as well as where possible emphasised within the surrounding discourse and communications. Businesses should thus be guided by these values when developing new and innovative business models, and test them with both general and specific publics to improve the possibility of successful public uptake.

The motives behind the participation or non-participation differ among the users, as we have seen from the research findings these motives can be extrinsic or intrinsic which is also collaborated by the literature (Chin et al., 2020). On the face value, economic benefits seem to be the leading motivator for the participation in the sharing economy however the findings from this study show that participants are mainly motivated by the convenience that comes with participating in the sharing economy. The literature also shows that the main motivators are the intrinsic factors such sustainability and enjoyment (Chin et al., 2020). The findings in this study suggest that the factors needed to motivate consumers to engage and participate in

the sharing applications include the look and feel of the application; security and convenience in terms of the proximity of the application users in order to share value.

In line with the findings and the literature, the benefits derived from participating in the sharing economy are crucial for the participants to start using the platform and ultimately become loyal participants. Like the traditional service providers, the application providers should instil confidence by ensuring that the application is reputable and builds trust and creates value for all involved in the sharing economy.

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## CHAPTER 5: CONCLUSION, RECOMMENDATIONS AND LIMITATIONS

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### Introduction

This chapter presents a summary of the study and provides recommendations and limitations for the proposed business venture of a digital application for sharing everyday household components. The outcome in this session is based on the results derived from the interviews and management theories applicable to the sharing economy highlighting both the positive and the negative aspects.

### Conclusions to the research study

The aim of the research was to investigate the feasibility of a digital tool for sharing everyday household components for a fee. The research aimed at investigating the experience of the target population in using the sharing applications and the motivation behind choosing a particular application. In addition, it looked at different household components that people are willing to share with the community for a fee. According to the findings from the interviews, the majority of the participants have underutilized assets that they are willing to rent out using a platform like the one proposed in the business venture.

This study identified the motivation of potential participants in the sharing economy such as enjoyment, sustainability and financial benefits. The findings show that not all motivators contribute equally to incentivizing people to participate. Convenience and financial benefits came up as the best motivators that incentivize the intention to participate.

## **Theoretical and Practical Implications**

The study adds to the literature on the sharing economy for several reasons. Firstly, the results come from an unexplored territory in the Johannesburg region and focus on potential participants in the digital sharing application looking at the everyday household items. Secondly, the theory of behavioural change focus on lasting behaviour not just a temporary change, a consideration that is relevant in the sharing economy and for this application. Thirdly the study does not only identify the motivators that promote intention to participate in the sharing economy but also and establishes which are the best predictors among the motivators.

Beyond the theoretical implications, the research has practical and managerial implications, and it identified potential consumers or participants for the proposed business venture. The study can be helpful to the management team in supporting broader participation in the sharing economy particularly when it comes to segmentation and targeting efforts. It will also help the proposed business venture to develop more effective communication and marketing strategies that are more attractive to the potential participant.

These findings incentivize the proposed platform to concentrate on create more convenience to the participants and making sure that it is enjoyable to use the proposed digital application. Economic benefits in terms of making money or serving money when choosing to utilize the proposed application will have to be part of the overall marketing strategy. The effective application of communication and marketing strategies based on the results of the research will help with user adoption and increase the over usage of the application.

## **Recommendations**

### **Recommendations: trust and the sharing economy**

Based on the reviewed literature, the reputation of a seller influences the buyers trust towards the seller and affects the buyer's trusting beliefs. To assess the seller's reputation the business venture will need to use systems to measure the reputation through a feedback mechanism, ratings, and referrals. As articulated by the

literature, there are positive impacts on reputation scores, ratings and reviews (Smit et al., 2014). As suggested by Smith,(2016) to maintain trust among the participants in the sharing economy, the use of online video chatting prior to a transaction, for instance, as a measure that would increase their trust.

As explained by Chin et al., (2020) trust in the platform can also influence the trust in the seller, as the platform can use guarantees and assurances to establish trust. According to Liu & Ha, (2010) buyers value seller verification as it shows that the seller exists and is not fake. The proposed business venture will need to have a proper verification mechanism which can be in the form of background check, verification of a bank account or an identity document. Hsiao et al., (2018) found that the use of photos and avatars increased the perceived social presence which positively influenced trusting beliefs towards the seller.

Research has shown that the use of security measures by the platform enforces trust towards the platform (Chin et al., 2020; Montakhabi et al., n.d.; Shuradze et al., 2015). The proposed platform will need to institute diverse measure to protect the integrity of the participants through measures such as authentication and encryption. The quality of service offered by the platform is influential in increasing consumer trust as found by two studies (Chen, 2009; Wirtz et al., 2019). As highlighted by the respondents in the interviews, the information quality and the application ease of use play a role in building consumer trust. In another study it was found that website quality of the platform and the reputation of the platform play a crucial role in creating consumer trust (Shuradze et al., 2015). The proposed business venture will need to focus on the quality of the application in order to promote trust among the users of the application.

### **Recommendations: Benefits of the sharing economy**

In line with the findings, supported by literature, the participants in the sharing economy are looking to replace exclusive ownership of goods with lower cost options from the sharing economy. According to the research, though the economic benefits are not the number one motivator to participate in the sharing economy, the proposed platform should be able to create value for all participants. The extrinsic

benefits in the context of making money or saving money derived from participating in the collaborative consumption positively influences attitude towards the sharing economy (Lamberton & Rose, 2012). The study uncovered that the leading motivator for participation is convenience in terms of saving time and ease of access, it is therefore imperative for the business venture to facilitate on demand access of the required resources as and when needed. To facilitate the convenience for all participants the application will need to use geographic location to connect participants in proximity.

### **Limitations of the study**

This study has a few limitations, firstly the research only focuses on one region, that is Johannesburg in particular. Since the target population for this business venture in Gauteng, it is recommended that future studies look at other cities in Gauteng outside of the Johannesburg region. Secondly the study looks at the intention to participate in the sharing economy as a predictor for real participation, and further studies can look and real participation in the sharing economy in order to determine diversified management strategies according to the behaviour of the target market. Thirdly the study focused on the motivational factors for consumers to participate in the sharing economy, however some theories suggest that the inclusion of factors such as perception, attitudes, environmental influence could improve the explanation of the phenomenon being studied.

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## CHAPTER 6: BUSINESS VENTURE PROPOSAL

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### Executive Summary

The business venture seeks to help members of the community to monetize their everyday household items that are currently being underutilized. It also help those that are doing some projects to gain access to the required resources at a fraction of the cost. There is a need The current model in the equipment rental business is based on ownership, an investor will acquire equipment then rent them out whereas in this business venture all the equipment will be crowdsourced. Since all products listed on the platform will be crowdsourced, this will enable the participants to make extra cash when renting out their products and ensure that all the users of the platform see value from participating in this sharing application. The application helps people save money on their renovation and construction projects by renting the required tools at a fraction of the cost via the application. For those that own tools, they can make money by listing their tools on the platform, the platform provides a tool return guarantee which gives the tool owns a peace of mind. The key value proposition for the users of the platform is that they will save time in finding the right tool for the job as the application will dynamically match the right tool for the project also looking at the proximity.

### Strategic Review and Plan

#### *Vision*

To help the community make extra cash through monetizing their underutilized assets and other everyday household items.

#### *Mission*

To provide an online application that matches the demand and the supply of everyday household items.

### *Organisational Objectives*

The key priorities of the business venture are to ensure that there is a platform that will allow the matching of the supply and demand for every day household items and services. The business venture will depend on its marketing activities to grow and get more people to join and participate in using the platform. User engagement is crucial for the business venture, this will be to keep the users active and notified on different noteworthy activities that may affect their projects or the way they interact with the platform. To accurately do this and provide a personalized user experience, data analysis and reporting on both internal and external activities will be of great importance in order to fine tune the business model and strategy.

### **Situational Analysis (environmental, industry and competitor analysis)**

#### **Macro Level Analysis (PESTLE)**

##### *Political*

South Africa is a democratic state which was established in 1994, the president is the head of the state and leads the government. The deputy president and the ministers are appointed by the president. Unfortunately the political landscape of South Africa is clouded by corruption; mismanagement and protests (HowandWhat.net, 2018). These challenges slow down the economy and makes it harder for start-up businesses to flourish in this environment, it will be important for the business venture to navigate through these challenges to be successful.

##### *Economic*

South Africa is the breadbasket of the African continent and based on the Gross Domestic Product (GDP) South Africa is the second largest economy in Africa after Nigeria. Though the South African economy is attractive for business ventures, they have been a lot of challenges that the economy has been facing. According to Statistics South Africa, the GDB dropped by 0,6% in the fourth quarter of 2019 (Statistics South Africa, 2019b). Unemployment rate is at its all-time high (Trading

Economics, 2019) and there are talks of the country going into a recession, especially in light of the recent global events around the COVID 19. South Africa exports minerals such as gold; platinum and diamonds, and some of the imports include petroleum; equipment and machinery as well as the food materials. The corporate tax in South Africa for both resident and non-resident companies is a flat 28%, the small businesses with an annual turnover of ZAR 500,000 pay less in tax which promotes new business ventures and start-ups.

### *Socio-cultural*

South Africa is truly a rainbow nation, there are eleven official languages and different religious belief systems that are being embraced. According to Statistics South Africa, the population of the country as of July, 2019 is estimated at 58,8 million (Statistics South Africa, 2019a). Unfortunately, South Africa is not immune to other social problems such as unemployment; tensions between South Africans and immigrants from the neighbouring African countries; as well as the overall inequality.

Putting these challenges aside, South Africa is still one of the best areas to do business due to the country's diverse nature, it appeals to a vast number of industries.

### *Technological*

Innovations around technology are changing the way organizations conduct their business. South Africa is one of the most technologically advanced countries in Africa, several global technology companies such as IBM; SAP; Oracle; SAS; LinkedIn; Facebook and Microsoft already have presence in South Africa. South Africans have embraced technology and online shopping is on the rise and more retailers are moving from the traditional brick and mortar model to incorporating online platforms. This will make it easier for the market to embrace Adima as a new technological platform.

### *Environmental*

South Africa is one of the popular tourist destinations in the world due to its beautiful scenery, and abundant wildlife. The country however suffers from water shortages, soil erosion and air pollution and deforestation. The business venture will need to look for ways to contribute towards the protection of the environment.

### *Legal*

South Africa is generally a low risk for investors and the environment is accommodating for start-ups. Platform business such as Uber and Airbnb are already making strides and the South Africans are open to technology-based businesses. The government encourages foreign direct investment in all sectors of the economy.

### **Market / Industry Level (External Analysis)**

The proposed business venture provides a platform that allows communities to share tools and other assets for a fee. The start-up seeks to address the unemployment rate in South Africa by affording the communities to make extra money through renting out the assets that they already own. Due to the uncertain economic conditions in South Africa, the platform allows for people who are embarking on construction projects to do so in an affordable way by avoiding huge initial capital outlay investing in tools and equipment that are required to get the project completed.

### **Porters 5 Forces**

#### *Threat of new entrants*

Theoretically creating a website that allows people to collaborate should be relatively easy however in practice to create a solid platform could be capital intensive as there are a lot of requirements such as hardware, payment gateway and the general maintenance of the platform. The competitors are traditional brick and mortar organisations, and these organisations own the assets that are being rented out. It will however be naïve to think that it is not possible for new entrants to disrupt the industry as we have seen with other platform businesses such as Uber in the case of Taxify; Lyft and others.

#### *Threats of substitutes*

Although there is no direct substitute for this business model the traditional equipment rental organisations are still the biggest competition for Adima.

### *Bargaining power of suppliers*

Suppliers do not have bargaining power as the business model operate on a willing buyer and a willing seller. Adima will not hold any inventory or equipment but will operate merely as a platform provider to facilitate the transactions between the seller and the buyer.

### *Bargaining Power of Customers*

The prices will be determined by the market, the customers have a choice to go with a supplier that make economic sense for their specific requirements.

### *Industry Rivalry*

The strength of industry rivalry is very minimum for this business model as the proposed business venture has not been done in South Africa.

## **Competitor Analysis**

The business venture will leverage its competitive edge and the power social media to gain market share. The business model allows for different people to participate in the renting in or out tools, which means the probability of having every tool you in in a proximity is high. Having a strong go to market strategy and a proper implementation will see Adima penetrating the market and growing into a profitable business. To differentiate and position the business venture for success, all participants will have to be verified and go through the necessary checks to give the platform credibility and ensure that there are right security levels to protect the owners of the assets and the clients who will be renting from them.

The asset owners will only be able to register the asset that is of high quality and meets all the industrial quality and should be maintained on a regular basis. Customer experience will be another key differentiator, the business venture will provide an exceptional customer service to ensure a personalized experience for anyone who interact with the platform.

## Supplier

The business model brings together the suppliers and buyers together. The suppliers of the equipment will be the asset owners who list their assets in our platform at free will. From the platform side our supplier will be service providers who host our platform, we will have signed agreement with Microsoft Azure, we will have SLA's which guarantees an uptime of 95.9% that way we will always be available for our customers to participate in our platform.

## Customer Analysis

The business venture is an online marketplace, providing a platform for the two-sided market which connects the people with equipment that they would like to let out and those that need such equipment. The business venture will focus on two distinct market segments which is the small construction businesses or households that are undertaking a home improvement project and will require some tools and equipment for a much longer period. The other segment is the individuals within the community, these individuals know exactly what they need to get a job done and will search for a specific tool around their community. This segment also includes handymen who have been hired to complete a certain task and need the right tool. Given the South African context, the cost of buying a new tool is too high and hiring a tool becomes more attractive and instead of the handyman having to own a tool, the end client can hire the tool on behalf of the handymen.

### *Small Construction Businesses:*

These are typically owner builders who are good at what they do however they do not have access will typically be working on a project that will take over 30 days like building a new home or improving an existing home.

### *Individuals:*

This market segment is for individuals that own homes and need to do a home improvement project but do not have the necessary tools to complete the job. These individuals are of the ages between 30 and 55 years, and at least 70% of them are in a formal employment and have at least an undergraduate degree

## Swot Analysis

|   |   |
|---|---|
| <p><b>Strengths:</b></p> <p>The business venture does not have local infrastructure as the whole platform is cloud based which can be much cheaper.</p> <p>All the inventory is crowdsourced, and the business venture does not carry any stock.</p> <p>The model allows for dynamic pricing, allowing both sides of the market to determine the price.</p> | <p><b>Weaknesses</b></p> <p>The platform is dependent on the internet availability.</p> <p>The initial platform development and set up requires substantial funding.</p>                        |
| <p><b>Opportunities</b></p> <p>The platform has the ability to scale in terms of the services and products being offered.</p> <p>Since the service is provided through the internet, the platform can easily scale beyond the borders of South Africa.</p>  | <p><b>Threats</b></p> <p>User retention will be critical as the traditional brick and mortar rental businesses are on the rise.</p> <p>A huge rise in the data privacy and protection laws.</p> |

## Marketing Strategy

### *Marketing Plan*

|           |  |
|-----------|--|
| Product   | The business venture is a services organisation that acts as a match maker for the household items' demand and supply. All products and services are crowdsourced, and the organisation does not carry inventory.  |
| Price     | The business venture generates its revenue by charging a service fee for every transaction that is being concluded using the platform. The owner of the asset can charge any amount for their product however, the market decides on price as the participants compete to rent out their products.   |
| Place     | The offices of the business venture are in Johannesburg in South Africa, how ever since the service is available online, participants can interact with the business anytime from anywhere via a mobile application and or a web browser.  |
| Promotion | The promotional strategy is through a mix of channels with social media being the key channel. Through social media analytics, the business venture will be able to target the relevant market segment. The organisation will undertake various public relations activities like donating to various causes within the communities it operates. Word of mouth will form the major strategy of the business venture through a referral programme. |
| People    | The skilled employees will be critical to keep the platform in operation and also to make sure that the users get a great experience while interacting with the platform. All user support will be done by the business venture and the support will be via email and in-app messaging.  |
| Process   | The process of the business venture involves the owners registering their equipment and tools for the first time. This is the onboarding process where the details of the equipment are  |

|                   |  |
|-------------------|--|
|                   | recorded together with the identification details of the owner. The participants who are interested in the equipment, prior to completing their booking will need to register on the platform and upload their identification document which will have to be verified first by the back office. The payment is through credit card and the personal information is held according to the regulatory standards and the personal information is protected. |
| Physical evidence | The business venture has no customer service counter where customers can visit if they have any enquiries. The whole process is completed through the digital platform and the participants can rate both the platform and the equipment as well as the entire process of renting the tool.  |

## Market Analysis

The strategy employed in this research for the market analysis follows an Ansoff matrix to uncover and maximize the opportunities within the sharing economy. The TOWS matrix was used to identify and look at the overall business strategy and the objective of the business venture.

### Market and strategic analysis

#### *Target market*

The business venture will initially target Gauteng, Johannesburg in particular this is mainly because Gauteng is the economic hub of the country and business venture is most likely to be a success in this region. The target market is mainly people of ages between 30 and 55, these are people who mostly likely have tools and resources to share or are engaged on a project that require the type of tools.

## **Operational Strategy of the Business Venture**

### **Operational plan**

#### *Geographical location analysis*

The business venture will be based in Johannesburg as the initial target market will be the city dwellers and will scale to other regions over time. The location of the business ensure that the venture has necessarily resources to make the business venture viable such as fast internet connection and skills to manage the platform.

#### *Operating equipment*

The business venture is platform based and the platform will be hosted at the Microsoft Azure datacentre, and this will ensure that the costs associated with platform hosting are kept at a minimum while leveraging on the performance of the hyperscale.

#### *Personnel needs and uses*

The business venture will initially consist of one individual who will drive the goals and objectives of the business venture. The rest of the personnel required will be outsourced to the relevant organisations that have the skills and knowhow to ensure that the business model comes into fruition. As part of the roadmap, more inhouse resources will be hired when the business venture has gained success in the Gauteng region and has a sizable number of application users and is ready to scale out to other regions.

## **Financial Implication of the Business Venture**

For any business venture to be successful there is a lot of financial planning that is required especially during the early phases of the business. The main cost for the business venture will be to cover the platform development, hosting fees and marketing.

## Funding Requirements

The capital expenditure required for the business venture is ZAR 5,000,000. The business venture will be funded through a business loan from the financial institutions. The business venture will also seek assistance from corporates who have an enterprise development fund to help with the start-up.

### *Examination of funding issues*

|  | Prestart      | 2022                   | 2023                   | 2024                   | Totals               |
|--|---------------|------------------------|------------------------|------------------------|----------------------|
| <b>Receipts</b>                        |               |                        |                        |                        |                      |
| Loans / Funding received               | R5 000 000,00 |                        |                        |                        | <b>R5 000 000,00</b> |
| Income                                 |               |                        | R100 000,00            | R200 000,00            | <b>R300 000,00</b>   |
| <b>Total Receipts</b>                  |               |                        | <b>R100 000,00</b>     | <b>R200 000,00</b>     | <b>R5 300 000,00</b> |
| <b>Payments</b>                        |               |                        |                        |                        |                      |
| Business Registration cost             |               | R8 000,00              |                        |                        | <b>R8 000,00</b>     |
| Business Set up                        |               | R15 000,00             |                        |                        | <b>R15 000,00</b>    |
| Application design                     |               | R300 000,00            |                        |                        | <b>R300 000,00</b>   |
| Platform Hosting Fees                  |               | R100 000,00            | R120 000,00            | R150 000,00            | <b>R370 000,00</b>   |
| Travelling Expenses                    |               | R50 000,00             | R70 000,00             | R100 000,00            | <b>R220 000,00</b>   |
| Payroll (Salaries; taxes and benefits) |               | R500 000,00            | R550 000,00            | R600 000,00            | <b>R1 650 000,00</b> |
| Marketing                              |               | R500 000,00            | R300 000,00            | R300 000,00            | <b>R1 100 000,00</b> |
| Office Supplies                        |               | R10 000,00             | R15 000,00             | R15 000,00             | <b>R40 000,00</b>    |
| Repairs and Maintenance                |               | R50 000,00             | R50 000,00             | R50 000,00             | <b>R150 000,00</b>   |
| Phone and Internet                     |               | R25 000,00             | R30 000,00             | R35 000,00             | <b>R90 000,00</b>    |
| Insurance                              |               | R60 000,00             | R80 000,00             | R100 000,00            | <b>R240 000,00</b>   |
| Platform Support                       |               | R40 000,00             | R50 000,00             | R60 000,00             | <b>R150 000,00</b>   |
| <b>Total Payments</b>                  |               | <b>R1 658 000,00</b>   | <b>R1 265 000,00</b>   | <b>R1 410 000,00</b>   | <b>R4 333 000,00</b> |
| <b>Cash flow</b>                       | R5 000 000,00 | <b>(R1 658 000,00)</b> | <b>(R1 165 000,00)</b> | <b>(R1 210 000,00)</b> | <b>R967 000,00</b>   |

## Proposed Project Timelines

| <b>Milestone</b>           | <b>Start Date</b> | <b>End Date</b>  | <b>Duration</b> |
|----------------------------|-------------------|------------------|-----------------|
| Business Registration      | 1 January 2022    | 15 January 2022  | 2 Weeks         |
| Funding Acquisition        | 1 February 2022   | 31 August 2022   | 6 Months        |
| Hire the technical team    | 1 July 2022       | 31 August 2022   | 2 Months        |
| Platform Development       | 1 September 2022  | 30 November 2022 | 3 Months        |
| Platform Go live           | 1 December 2022   | 7 December 2022  | 1 Week          |
| Hire the back-office staff | 1 November 2022   | 30 November 2022 | 1 Month         |
| User Acceptance Testing    | 1 December 2022   | 15 December 2022 | 2 Weeks         |
| Pre-launch Promotion       | 1 January 2023    | 31 January 2023  | 1 Month         |
| Platform Launching         | 1 February 2023   | 14 February 2023 | 2 Weeks         |

## Recommendations

The recommendation is that the business venture should adopt a lean start up methodology to better position it for success. This will cultivate interest and encourage the early adopters to start participating in the platform. The initial prototype should target the mobile devices before expanding to web browsers. The customer validation process should initially be focused on a small neighbourhood and can leverage the existing community WhatsApp groups to get the awareness and promote the application adoption.

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# APPENDIX

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## Interview Guide

### APPENDIX A

**INTERVIEW OBJECTIVE:** To explore the use and adoption of a digital platform for sharing household equipment and services..

#### Demographic Questions

1. **What is your age ?**
  - 25 to 29
  - 30 to 34
  - 35 to 39
  - 40 to 44
  - 45 to 49
  - 50 to 54
  - 55 to 59
  - Above 60
2. **What is your gender ?**
  - Male
  - Female
  - Prefer not to answer
3. **What is your Ethnicity**
  - African
  - Coloured
  - Indian
  - White
  - Other, please specify
4. **What is your highest level of education ?**
  - No formal education
  - High School College
  - Vocational Training
  - Undergraduate Degree
  - Masters
  - Doctorate / PhD
  - Other, please specify
5. **What is your employment status ?**
  - Full time Employment
  - Part time employment
  - Self Employed
  - Unemployed / Looking for work
  - Unemployed / Not looking for work
  - Other, please specify

#### Digital platform and the sharing economy

6. Are you currently using any of the digital sharing applications such as Uber; Airbnb and Taxify and what has your experience been like ?
7. What do you consider to be the main motivation for participating / utilizing the digital sharing applications ?
8. How proficient are you in using mobile applications ?
9. What is your view on collaborative consumption model compared to buying and selling individually ?
10. Have you ever utilized tool rental companies such as Talisman Hire and Lambson's Hire, what was your experience ?
11. Do you own any power tools and how often do you utilize them ?
12. Which household components will you be comfortable sharing with neighbours and other people in the community ?
13. Are you open to listing your tools and other equipment that you are not utilizing on an online application for people in your community to rent out for a fee?
14. What do you consider to be the most important feature of any mobile application for you to consider utilising it?
15. What will you consider to be an incentive for hiring the tools through an online sharing platform where the community list their tools as compared to the traditional tool rental companies ?
16. How important is the quality of the product over price ?
17. If comparing products / services, how likely are you to go with the cheapest ?

# Consistency Matrix

## Appendix B

| <b>Main Objective:</b> To investigate the use and adoption of a digital platform for sharing household equipment and services. |   |   |   |   |
|--|---|---|---|---|
| <b>Sub Objectives</b>  | <b>Research Questions</b>   | <b>Phenomenon/Keywords/ Key constructs to explore</b>   | <b>Proposition : Possible answers to your questions</b>   | <b>Possible Interview questions</b>   |
| To investigate the motives for participating in a sharing economy. 6; 7; 8; 15; 16; 17   | What are the key drivers for participating in a sharing economy.                                  | <ul style="list-style-type: none"> <li>- Sharing Economy</li> <li>- Co-Value creation</li> <li>- Economic Benefit</li> <li>- Ownership</li> </ul>   | Economic benefits, that is lower costs associated with ownership is the main motivation for participating in the sharing economy. .   | <ul style="list-style-type: none"> <li>- Are you currently using any of the digital sharing applications such as Uber; Airbnb and Taxify and what has your experience been like ?</li> <li>- What do you consider to be the main motivation for participating / utilizing the digital sharing applications ?</li> </ul>                       |
| To investigate the element of trust in the sharing economy adoption. 9; 10; 11; 12; 13; 14                                     | How important is trust in making a decision whether to participate in the sharing economy or not. | <ul style="list-style-type: none"> <li>- Digital Platform Adoption</li> <li>- Trust</li> </ul>  | Community trust is key for the participants in the sharing economy.   | <ul style="list-style-type: none"> <li>- Are you open to listing your tools and other equipment that you are not utilizing on an online application for people in your community to rent out for a fee ?</li> <li>- Which household components will you be comfortable sharing with neighbours and other people in the community ?</li> </ul> |
| To investigate the role of demographics in the adoption of the sharing economy. 1; 2; 3; 4;5                                   | Does demographics play a role in the digital platform adoption?                                   | <ul style="list-style-type: none"> <li>- Age</li> <li>- Gender</li> <li>- Education level</li> <li>- Income</li> <li>- Employment status</li> </ul> | <p>The younger generation is more likely receptive to the adoption on the sharing economy</p> <p>The level of education influences the rate of digital platform and apps adoption</p> | <ul style="list-style-type: none"> <li>- What is your education level ?</li> <li>- What is your employment status ?</li> </ul>  |