Service as a system of participation: A case study of a participatory economy service

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Abstract

I discuss a proposed framework of service, which views service as a system of participation, through examining the rising “sharing economy.” I suggest that the “sharing economy” is part of a “participatory economy” model in which sharing is simply one form of participation. Using Airbnb as a case study, I examine “participatory economy” services from the perspective of four layers of participation: decentralized coproduction, trust co-creation, experience creation, and community sharing. Guests who seek economical accommodation and hosts with extra space participate in value coproduction. Individuals participate in the co-creation of interpersonal trust by reframing strangers as friends through identification. Participation is the autonomous experience of a traveler who is supported by a service environment in a network that allows diverse action possibilities. Airbnb has sought to strengthen its relationship with community by promoting the core value of “belonging.”

KEYWORDS: service design, designing for participation, sharing economy, participatory economy

Introduction: service as participation

The incident with United Airlines in Spring 2017 shows that there is still a serious problem present in our service culture. Dr. David Dao was dragged through the corridor like a piece of luggage as shocked passengers watched the scene. The videos went viral, leading to public indignation, official apologies by the CEO of United Airlines, decreases in stock prices by $255 million dollars, and even a Congressional hearing. This incident revealed that service is not only the presentation of a polished interface, but also an ethical issue that concerns the broad human community. Service designers have much to contribute to the discussion with a human-centered perspective. In order to do that, we need to understand the social paradigm of how a service supports people’s autonomous participation.

As shown from the word “Servatum (slavery)” its Latin root, one meaning of service is that it is an economical institution. In the Roman empire, the emphasis was on the notion of service as a public contribution and social support. Medieval monasteries illustrate another key aspect of service as community sharing. In modern times, interpersonal communication
has become an important perspective to understand servantship as a contract between individuals. Industrialization changed the locus of service production to large corporations, and now service is often seen as mass-produced labor goods (Kim, 2018). A common thread in the historical forms of service is its participatory nature. Service is a system of collective action of people connected to the whole for the purpose of achieving a shared goal (Kim, 2018). The service archetype is a form of interpersonal help. When this help is systematized as collective action, it becomes participation in a certain social structure. Therefore, when organizing a service, designers need to consider how to bring people together, how to create a system that people can join, and how to help them maintain their participation in a sustainable way. These problems can be partially addressed by service design methods, but fundamental change can only come when service design is thought of as a human-centered principle that supports people’s autonomous participation. In the present era, service has become characterized by the rising “sharing economy.” Technology has made the participatory nature of service visible on an unprecedented scale. The sharing economy has become a movement throughout the world over the last few years. In this paper, I will first discuss how the sharing economy is part of the broader “participatory economy.” I will then examine the diverse aspects of service participation through the case study of Airbnb. Created by two designers, Airbnb is one of the most representative service organizations in the participatory economy.

The sharing economy and the participatory economy

The term sharing economy was first coined by Lawrence Lessig in 2008. He described it as an economy that is mediated by social relationships, which is an aspect of the digital culture’s permeation of our lifestyle. The Oxford Dictionary defines the sharing economy as “an economic system in which assets or services are shared between private individuals, either free or for a fee, typically by means of the Internet.” For example, Uber is a service that connects cars and people who need rides through a mobile application. However, there are controversies regarding the word “sharing.” Criticism is often centered on the fact that although some businesses give the impression of contributing to the public good by advertising themselves as a “sharing” economy, their business models prioritize profit. In fact, the meaning of “sharing” is twofold: one meaning is selfless giving, and the other meaning has to do with maximizing the use of underutilized resources. Lessig (2008) initially suggested that sharing economies are “economies of selflessness” in contrast to “commercial economies.” Yochai Benkler (2004) described sharing as “nonreciprocal pro-social behavior.” The moral assumptions about sharing often include the interaction between individuals and the community instead of one-to-one exchanges. The goal of sharing is to contribute rather than to appropriate. For example, Helping Hands is a service that supports people by donating car rides to elderly people in need. It may not involve a return, and the indirect return does not necessarily require an exact value exchange. An individual shares something that she can give to the community and in return gains a moral right to potentially take part in community sharing in the future.

However, the sharing economy is often focused on the distribution of underutilized resources. For example, Getaround is a service that connects unused cars with local people in need. In the conventional model, a person purchases a car and owns it for a certain period of time. Currently, any service that does not follow this model is explained as “sharing economy” because the focus is on the material ownership, as when people say “a car is shared.” Therefore “sharing” is often explained as if it is an alternative to ownership. However, Getaround participants still maintain individual ownership. In fact, individual ownership is even more important because individuals who share cars profit from this ownership. Hence, how is the sharing economy fundamentally different from existing models of service?

I suggest that in the sharing economy model, what is shifting is not the ownership but the agents involved. If we change the focus from the object (car) to the agency (people), a variety of actions can be discerned. People give rides, rent cars, deliver things, carpool, donate rides,
and buy vehicles for community use. All these actions are forms of participation on various levels. Such services range from exchanging artifacts to locating public restrooms (Sitorsquat), collective fundraising (crowdfunding), online higher education (Coursera), made-to-order handcrafting (Etsy), coproduced green energy (Global Renewable Energy Grid), community-supported agriculture, and the Internet itself.

I therefore propose the term “participatory economy” to describe an expanded framework of the sharing economy in order to include the wide range of participatory actions. Sharing is simply one form of participation, and many of the services in the participatory economy services are less about sharing artifacts than about connecting people in a collective action. These services commonly show that collective action shifts the emphasis from production by centralized organizations guided by the principle of control to networks of individuals guided by the principle of participation. Organizations provide frameworks rather than micromanaging production. Individuals become the foci of actions that collectively create participatory services.

In this paper, I conduct a case study of Airbnb, a pioneer in the participatory economy, as a way to examine how diverse layers of participation become the main drivers of a service. Airbnb is introduced as a “trusted community marketplace for people to list, discover, and book unique accommodations around the world” (Airbnb, 2017). Airbnb was founded in 2007 during the Industrial Designers Society of America conference in San Francisco, in which more than 10,000 attendees participated. Brian Chesky and Joe Gebbia, new graduates of the Rhode Island School of Design, formed the idea of renting air mattresses in their empty living room. They picked up guests from the airport, made them breakfast, and showed them the neighborhood. Gebbia recalls, “the social interaction was actually much more valuable” (Setili, 2014). In the following 10 years, Airbnb grew explosively into a global company that has been valued at $31 billion (Statista, 2017).

The decentralization of coproduction

“There are 80 million power drills in America that are used an average of 13 minutes. Does everyone really need their own drill?” asks Chesky, now the CEO of Airbnb (Friedman, 2013). On average, American cars remain parked for 96% of their lifetimes (Morris, 2016). Similarly, the rooms in some houses are seldom used. Through the Airbnb service, people can maximize the efficiency of resource usage and generate new value by renting unused resources to those in need. In other words, Airbnb connects people so that they can participate in service coproduction. In the existing model of service, customers’ involvement in service coproduction is understood as a way of utilizing labor to increase the efficiency of the standardized production process in large-scale operational systems or “service factories” (Levitt, 1972; Bitner, 1992; Edvardsson, 1997). People are often seen as resources to be controlled by the service organization that manages the production.

In a participatory economy, customers lead the production. The global recession in 2008 is often highlighted as the reason for the rise of the participatory economy. As the recession continued, people became more cost conscious, and they adopted a new perspective on the utility of the things they owned (Kevin, 2014). Houses in particular are idle resources with low usage rates despite their high prices when the amount of space that is actually used is considered. However, some people do not own their homes because of the high initial investment that is required. Hence, it is mutually beneficial for people to rent these resources to persons who need them provided that there is a way for them to connect.

The development of networking technology that enabled the connection between people with compatible resources and needs. Technologies such as Google Maps, GPS, and mobile phones connect people in online spaces. Individuals have become used to copying and sharing information as they constantly interact with others in the virtual world to create new connections. Virtual and physical spaces are connected as well, such as when Facebook members photograph their meals and post these images online. People who are familiar with this network culture have started a movement outside cyberspace. They use networks to
utilize their excess resources and increase the value of their assets by collaborating with others to maximize the use of their resources. The networks between the nodes of collaboration lead to the decentralization of production. In the past, accommodations were rented by large organizations that owned standardized resources. Giant corporations that monopolized ownership appeared during industrialization to raise funds for the transportation infrastructure, such as steam locomotives. These corporations were characterized by centralized decision-making systems with vertical chains of command and control mechanisms (Rifkin, 2014). In contrast, service organizations in the participatory economy, such as Airbnb, empower individuals in the coproduction process. Individuals can now provide services based on what they own. As an increasing number of individuals gain direct access to the distribution infrastructure, service production is being decentralized. The autonomy of control is distributed to individuals, and Airbnb serves as a platform to connect hosts with guests. Because of this change, accessibility of resources is replacing conventional ownership. Efficient value production now depends on how easily individuals can access the network and contact each other to invest in more resources. The word autonomy traditionally implied isolation. For example, investing in a mortgage to own a home meant leaving your family and becoming an autonomous adult by securing privacy and achieving financial independence. In contrast, in the participatory culture, autonomy is derived from being open and accessible. The ability to relate to more nodes in more diverse ways creates more value in the same property. The Airbnb service supports participants by offering them better access to the human network, stronger connections with appropriate co-participants, and a search engine that can locate resources efficiently based on location and review points. Hence, the participatory economy decentralizes control and enables a new means of coproduction. However, new paradigms are inevitably accompanied by social conflict. The platform of the participatory economy needs to expand beyond an efficient transaction system or easy-to-use interface to a social infrastructure that better suits the new production and business model. Jeremy Rifkin (2014) predicted a future society where the marginal costs of production would be close to zero and millions of “prosumers” would share their resources in the service network. It is yet unknown whether the participatory economy represents a step toward this future, but indeed, it is an observable pattern that people and things and places are becoming more intimately connected than ever before and centralized control is giving way to shared participation.

Trust co-creation

“Strangers crashed my car, ate my food, and wore my pants,” is the caption on the cover of Time magazine’s February 2015 issue (Stein, 2015). The article discusses the new phenomenon of people opening their rooms to others whom they have never met. Millions of people trust strangers’ reviews more than experts’ critiques. Trust is the first step in service co-creation in the participatory economy because the lack of trust is the second most frequent reason that people choose not to participate (Shaheen, 2012). How then does the Airbnb service communicate and cultivate interpersonal trust? Trust does not just appear; it is a product of rhetorical persuasion. The guiding factor in trusting the Airbnb service is more than a safe transaction system. Airbnb builds trust by having individuals participate in communication to co-create their identities. This perspective aligns with Erving Goffman’s theory that individuals collaborate in defining the characteristics of a situation by performing their roles and responding to the roles of others. Through this performance, individuals resolve initial controversy and foster mutual agreement (Goffman, 1959). In this respect, the role of service is to provide backstage support so that customers can convincingly play the characters they want to be and mutually agree on a service situation.
First, building trust requires systematic processes that encourage people to see each other as real human beings. One of the differentiators that helped Airbnb succeed is its close connection to virtual identities. In addition to identity verification by government-issued IDs, Airbnb uses Facebook Connect for social verification by allowing their members to access photos, names, schools, professions, friends in common, and the self-images that people want to represent to their friends. Individuals can import the information to Airbnb’s interface and then further establish their trustworthiness by writing about their hobbies and interests to help the readers feel as if they really know them. Testimonials also play a critical role. After meeting each other, guests and hosts leave reviews that serve as evidence to support or weaken their argument about their trustworthy selves.

The next step is to connect people by helping them to become favorable characters with whom others would want to identify. People tend to share their possessions with those who share certain commonalities (Belk, 2014). This issue was especially relevant for Airbnb because the objective of its service is to provide a private space. The home is an extension of the host’s character. Airbnb puts much effort into conveying the character of people’s curated spaces by featuring high-definition photographs and illustrating the uniqueness of the neighborhood. Moreover, Airbnb takes care of the payment backstage through escrow, so that the host and guest meet on the frontstage without the awkwardness of a commercial exchange. They can act as if the host is simply sharing the space as a favor. This performance gives the host the character of an open, social, and creative person.

Furthermore, character definition supports the identification of the host with the guest. It is not difficult to become a temporary New Yorker, for example. Anyone can stay at a New Yorker’s home through Airbnb. Staying in an artist’s loft, using tasteful furniture, reading books that reflect the host’s personality, and cooking with ingredients from a farmers’ market makes the guest feel much more like a local than staying at a hotel does. Learning about the hosts as human beings and even identifying with them can help guests bridge the gap. In other words, a stranger is reframed as a friend through identification. Instead of owning a property, now people can rent an identity as if they were renting stage props to become a character in a drama.

This process of identification is reinforced by Airbnb’s brand. Its home screen says, “Welcome home” and displays movie clips that do not have much to do with the room itself. Instead, these videos generate an atmosphere that helps people relate their self-image to the community image and to perceive other participants as sharing in the character of Airbnb. Bélo, their brand logo, represents Airbnb as a community of “belonging.” This sense of belonging gives Airbnb an open character with which people can easily identify. Moreover, hosts can use the design tools provided by Airbnb to personalize Bélo and post it in their listings or create souvenirs to build their own character on top of the Airbnb brand.

In participatory economy services, branding is more than just a new logo. It is a service concept that guides people in how to perceive their roles. Airbnb is a good example of a “user-generated brand” (Yannopoulou, 2013). In the participatory economy, brands are no longer one-way communicators. Instead, they are given to users as a platform for creating individualized meaning through collective action. The fact that a user-generated brand is co-created through user participation leads users to trust the brand, which strengthens the identification process through which a stranger is reframed as part of a “we.” Because the Internet blurs the boundaries of authorship, the focus of persuasion also shifts from an author’s invention to community co-creation. The most powerful service brands in the future would be those that represent participatory values.

Experience creation

“Whether an apartment for a night, a castle for a week, or a villa for a month, Airbnb connects people to unique travel experiences, at any price point, in more than 65,000 cities and 191 countries,” is a quote from Airbnb’s “About Us” page. Service value is created through experience. (Joseph & Gilmore, 1998) Today’s travelers, however, are less attracted
to the controlled quality of mass-produced hotel experiences, as the novelty of such experiences is often short lived. Travelers desire to create their own experiences by making personal connections. The old model of tourism tended to include “McDisneyized experiences,” whereas “new moral tourists” seek to participate in fulfilling experiences that relate them to local communities in meaningful ways (Molz, 2013). How then does Airbnb support travelers to participate in creating their own experiences?

Experience is an interaction between an autonomous agent and an environment (Dewey, 1984). The environment not only consists of physical surroundings: it is a network of possibilities and meanings that support human actions. Airbnb is an example of how travelers create their experiences by participating in an environment that is prepared by service. An example is Airbnb’s advertisement video that shows the travel route of a toy train. The landscape is entirely handmade, and the people are modeled after photographs of real Airbnb users. The world becomes smaller as the traveler experiences unfamiliar places and meets new people. The director explains that they wanted to represent the Airbnb experience as a journey with details that the audience had not seen previously and that would allow them to gain different perspectives on the world. As this video conveys, one reason for Airbnb’s success is its recognition of the creative autonomy of individual’s unique journey. It is not merely its affordability that makes Airbnb competitive. Many travelers prefer Airbnb’s network because of its diversity: the listings range from a $30 couch to an entire French chateau at $10,000 per night. Choices include tipis, farmhouses, yachts, wineries, castles, lighthouses, igloos, and private islands. Airbnb also runs various events to suggest new experiences, such as sleeping in an airplane parked at Amsterdam Airport or at Waterstones bookstore in London. Moreover, the core value of an Airbnb accommodation is that the host actually cares for and lives in it. Gebbia argues that 90% of Airbnb hosts are primary residents who list their home or a second home (Moore, 2016). For those who appreciate the value of an authentic experience, an Airbnb is much superior to a hotel experience.

This diversity is a fertile ground for participants to create their own experiences. While the quality of the hotel experience tends to align with price, personal factors contribute to the quality of the Airbnb service, such as knowledge, interests, aesthetic sense, emotions, and human relationships. The travelers add these aspects as much as the hosts do. Travelers research and select listings, ask for personalization, and appreciate the contextual value, all of which contribute to the service quality. Hence, travelers “design” their own experience when they search and choose an Airbnb place. In contrast to hotel services that tend to insert customers in a mass-produced experience, the sense of creative autonomy is an important part of the Airbnb experience. It allows travelers to experience the world more actively rather than through the passive hedonism of mass tourism.

The pursuit of creativity and autonomy leads travelers to value the connection to local people. The host acts as an interface that seamlessly connects the traveler to the local culture by turning a surrounding into an environment with meaning. Travelers can quickly discover opportunities rather than having to navigate a strange surrounding. Travelers learn about the unfamiliar area as they interact with the host, who, for example, can provide “insider” information about an upcoming festival. The host also introduces a personal network of favorite restaurants, neighbors, and other local services, so the traveler can choose the ones that best serve her purpose. This connection can create a meaningful and personalized experience. Diverse choices in the network now help participants find the best relationships for meeting their action goals, thus allowing them to make autonomous decisions.

The environment provided by the participatory economy is not limited to one service. It expands as the depth and breadth of the traveler’s action increase. Airbnb connects to diverse participatory economy services to increase its support of the traveler’s experience. These services include Localeur (local experience guide), LiquidSpace (meeting place), and Instacart (grocery delivery). This network expands the notions of local place and connects different boundaries of interest to enable broad action possibilities for travelers. By serving as the meta-environment in which these relationships are formed, services in the participatory economy are contributing to building the ecology of a new global lifestyle.

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Community sharing

“Crisis” became the 2017 media keyword associated with Uber, another representative service company in the participatory economy. Multiple protests were held against Uber’s strategy regarding the Muslim Ban, which resulted in the #DeleteUber movement where more than 200,000 customers deleted Uber’s app. The following repercussions included the disclosure of the company’s aggressive work culture, the CEO’s misconduct, executives leaving the company, the CEO’s resignation, and the expulsion from several major cities. Airbnb has also undergone the social conflicts that accompany a new system, including struggles over tax issues, rental raises, and security regulations. Today, however, Airbnb maintains a relatively positive social image in media representations, and it has been successfully adopted in over 65,000 cities around the world compared to the 633 cities where Uber operates. What caused the divergence?

The former director of product design at Uber, Ethan Eismann, wrote on Twitter that Uber’s crisis was partly due to the “valued rational economics over humanistic concerns” (Eismann, 2017). To my mind, the phrase “humanistic concern” signals a connection to participation as community sharing. The social and cultural values of a community are the fundamental conditions for sharing, which, in turn, reinforces these values. Individuals prioritize common interests over their own because of a value system that is created and shared by the members of their community. This shared value system holds the community together and perpetuates the production of common goods generation-by-generation (Ostrom, 1990). Instead of depleting resources, increased participation creates more value through the individuals’ contributions of knowledge and cultural content (Rose, 1986). The sharing economy is rooted in this relational capital, making the market not only a place for efficient transactions, but also a space where more than two ethical autonomous beings can participate together (Gold, 2010). Although the forms of shared ownership in these local communities are different from the forms of individualistic relations mediated by a global corporation, the emphasis on the importance of a value system is worth discussing in terms of its commitment to participation.

In addition to strengthening its rules and regulations to filter abuse, Airbnb has consolidated its organizational principle and vision of community. This measure was taken to overcome the social conflicts surrounding the new economy and to promote bonds between its members. In 2014, Airbnb’s new design, including a new brand and promotional movies, delivered Airbnb’s vision to promote a sense of “belonging” that would encourage people to accept each other and to participate in the larger value system that connects them. The ideal of belonging represented by Bélo is a community value that is more than an individual’s character definition. When he introduced Bélo, Chesky (2014) explained, “It’s about something bigger...the unifying idea of Airbnb.” He also explained, “House is just a space, but home is where you belong.... At Airbnb, we imagine a world where we can belong anywhere.” Cheskey conveyed Airbnb’s understanding that people have a sense of belonging when they participate in an idea.

The ideal of belonging also permeates Airbnb’s events, thus strengthening its relationships with the Airbnb community and the broader global community. For example, in 2014, during one of the company’s most difficult times, Airbnb sought to unite the community by inviting 1,500 hosts from 40 countries to participate in the Airbnb Open Summit. The hosts dined with employees and executives to share feedback. In the same year, the event #OneLess Stranger showed Airbnb’s efforts in making connections with the global community. Airbnb members were asked to give gifts of kindness, such as a free cup of tea, to promote the sense of belonging to their local communities. This event spread through social media and even inspired non-members of Airbnb, thus expanding people’s sense of community. Molly Turner (2014), the director of Civic Partnership at Airbnb, stated that Airbnb hopes to reconfigure how people live in a city by exploring the general principle of a new culture for the global community.

However, Airbnb also reveals its limitation as it expands into a global corporation. There are ongoing arguments about its negative effects on urban housing and local competitors. In one example, San Francisco City Attorney Dennis Herrera sued a number of Airbnb hosts for violating the city’s Planning Code. The accused landlords evicted their long-term tenants,
including two renters with disabilities, from residential buildings to convert the spaces to short-term AirBnB rentals. Interdisciplinary scholarly networks, such as “From Sharing to Caring,” COST Action, and the Platform Cooperativism conferences are discussing the ethical, political, and legal implications of AirBnB’s practices in terms of the growing challenges to a more equitable economy. The discussions, especially around the term “sharing,” brings our attention to the important role that participation in community values plays in service. In this view, participants are not anonymous entities in the market, but ethical actors in social relationships with neighbors, cities, and the global community. In order for the participatory economy to better align with social values, we need to expand the concept of participation beyond economics.

Conclusion

In this paper, I examined AirBnb to illustrate how a “sharing economy” is, in fact, a participatory service with multiple forms of participation. I propose that four layers of participation coexist within a service as system of participation: coproduction, co-creation, experience, and community. Technology enabled a major change in the economy, in which ownership is decentralized and replaced by accessibility. AirBnB participants autonomously produce the service by renting their own spaces. AirBnB serves as a platform to connect individual hosts and guest. From the interpersonal perspective, character definition plays a critical role in person-to-person communication. AirBnB builds a network of trust by supporting people’s creation of favorable characters. Identification is the key to extending people’s characters so that people can reframe strangers as friends and thus co-create mutual trust.

From the structural perspective, AirBnb travelers create unique experiences that are enabled by participating in an environment that is prepared by AirBnb. This environment alters the perceptions of spaces, connects them, and relates them to service ecologies that extend the guest’s action possibilities. From the ethical perspective, AirBnb has sought to create a community of shared values. AirBnb’s core vision of “belonging,” which is symbolized by the Bélo logo, represents an ideal of global communities with neighborly values. However, the application of this ideal is limited. As AirBnb grows into a global corporation, conflicts with existing social systems have increased. To adapt, participatory services must revisit their value systems and reorient their systems to utilize the layer of participation as communal sharing.

Today’s participatory economy services can be considered descendants of a long tradition of service as participation, which has been revived and mediated by technology. In addition, its characteristics reflect interactive digital technology: participatory economy services are flexible, collaborative, decentralized, and horizontal. However, technology can also isolate people. Relationships are not only flexible but also ephemeral. People rent instead of own, utilize instead of contract, temporarily access instead of taking the time to have an experience. The concern then is that commitment is no longer necessary. Will participatory services make people nomads without a social safety net or will they liberate people to become autonomous agents of a new cultural shift? Technologies create possibilities, but they do not provide a moral direction. It is the responsibility of service designers to envision how to shape the medium and discuss the evolution of the participatory economy service.

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