



Article Title

Learning from peers: The effect of sales history disclosure on peer-to-peer short-term rental purchases

Citation

Xie, K., Mao, Z. E., & Wu, J. (2018). Learning from peers: The effect of sales history disclosure on peer-to-peer short-term rental purchases. *International Journal of Hospitality Management*.

Abstract

The sharing economy has proliferated in recent years, yet continuous business efforts are required to cultivate trust between strangers. Drawing from observational learning theory and cultural perspective, the study examined sales history disclosure as a trust-building signal between hosts and travelers. Using large-scale online observational data of 33,327 listing purchase activities between 2012 and 2017 on a leading peer-to-peer short-term rental platform in China, we found strong evidence that sales history disclosure is positively associated with short-term rental purchases. Our results also revealed that sales history disclosure mitigates the positive impact of online reviews but weakens the negative effect of multi-listing ownership on subsequent purchases, further confirming information substitution theory. The study provided theoretical and practical implications to strengthen the trust-building mechanism using coordinated signals, with cultural considerations, on short-term rental platforms.

Methods

We collected data from Xiaozhu.com, a leading peer-to-peer accommodation sharing platform in China, using automated Python scripts to access and parse HTML and XML pages on short-term rental listings available for sale and owned by individual hosts. Our sample comprises 33,327 listing purchase activity observations related to 6351 listings managed by 2698 hosts ranging from September 30, 2012 to February 1, 2017 (226 weeks). We chose Beijing as our study setting because it is the largest short-term rental market in China. We collected two datasets. The first consists of information about listing ownership and online reviews from travelers along with listing characteristics (e.g., living area; number of guests allowed; and number of bedrooms, beds, bathrooms, kitchens, living rooms, and balconies per accommodation). The second dataset includes information about hosts' sales disclosure. If a

host chose not to disclose his/her sales history, we could only capture the number of sales he/she had completed as shown on the profile page; if a host decided to disclose his/her sales history, we could capture detailed listing sales information (e.g., customer ID, check-in date, length of stay, nightly rate paid, etc.).

We estimated customer purchases of short-term rentals affected by a host's decision (yes or no) to disclose sales history and, if yes, the number of sales history records disclosed. While the first estimation investigated whether a host should disclose his/her sales history to encourage customer purchases, the second estimation extended the first by determining whether the more sales records a host disclosed, the more customer purchases he/she acquired. These two estimations provided related yet different angles to triangulate the impact of sales history disclosure on listing performance.

Results

Findings reveal that disclosure of sales history, as a new and high-quality signal in the sharing economy, can greatly increase listing purchases through observational learning and conformity. Because subsequent consumers can learn from prior travelers' choices by observing the historical sales records of a host (Cheung et al., 2014), they are more likely to follow others' behavior and make similar purchase decisions (i.e., herding) that will eventually benefit hosts who display historical sales records; this pattern is reflective of the Chinese cultural perspective of collectivism. Additionally, we found significant moderation effects of sales history disclosure on other quality signals on a peer-to-peer short-term rental platform. When available and co-existing online reviews serve as signals of traveler decision making, sales history disclosure mitigated the positive effect of online review volume and weakened the negative effect of the number of listings on short-term rental purchases.

Conclusion

Such findings echo prior studies (Chen et al., 2011; Xie and Lee, 2014) by empirically demonstrating the joint effects of signals with regard to travelers' decision making around peer-to-peer short-term rental purchases. This study thus sheds light on the important practice of coordinating multiple signals to better facilitate travelers' decision making on peer-to-peer sharing economy platforms.