
Peer-to-Peer Experience Economy: Can Engagement with Strangers Promote Connectivity in Humanity?

Daum Kim, *Keio University Shonan Fujisawa Campus*

It's 9:00am in the morning and I hop into an Uber car driven by a Portuguese factory owner to get to work. On arrival at the office, I have a casual conversation with members from other startups in the collaborative working space - to share our struggles of being a startup. We sometimes have lunch together, delivered by a young staff from Deliveroo. After work, I join a hummus workshop at an Israeli's community to learn how to make classic creamy hummus. After enjoying the dinner at the hummus workshop, I go home, not mine but the house of a British family whom I first met two days ago. It is a typical day of mine; engaging with strangers is part and parcel of my daily life.

We purchase experiences. Rather than consuming high-quality products or premium services, an increasing number of people is spending more on purchasing experiences that create unique personal values. According to Goldman et al., the annual personal consumption expenditure on experience-related services in the United States grew by 6.3% from 2014 to 2016, compared to that of 1.6% on goods and 4.7% on services (Goldman et al., 2017). The commodification of experience is playing a major role in our everyday socio-economic behaviour.

This is experience economy, an economy in which goods and services are sold with the emphasis on an individual's memorable experience.

Consumers are opting for experiences. (Goldman et al., 2017). Experience is an outcome of both the "staged event" and the "individual's state of mind", which produce a memorable attachment on part of the individual (Pine & Gilmore, 1998). For the personal value to be created, consumers have always been desiring experiences; and businesses have been creating more personalised, experience-oriented services for their customers (Pine & Gilmore, 1998).

On the other hand, experience economy in the cyber civilisation assumes a different form. Unlike conventional experience economy where companies "intentionally" create consumer experiences, cyber civilisation has brought experience economy to the level of individual interaction while endowing it with trust: individual peers on the online platform are experience creators; companies are platform providers. In peer-to-peer experience economy, peers (guests) first meet peers (hosts) on the online platform, subsequently communicate with each other to coordinate the details of their wants and conditions, create trust, and follow up with experience offline.

The exponential growth of peer-to-peer experience economy in the cyber civilisation calls for further exploration. To understand its importance, this paper aims to

discover 1) how technology enables peer-to-peer experience economy, 2) what attracts people to participate, and 3) how this experience affects our daily socio-economic behaviour. This paper defines experience as encountering events that are "inherently personal, existing only in the mind of the individual who has been engaged on an emotional, physical, intellectual, or even spiritual level" (Pine & Gilmore, 1998).

Peer-to-peer experience economy not only changes the way we spend our money and time, but also the way we interact, engage and collaborate with one another; regardless of our culture or language. At the end, I believe that experience economy in the cyber civilisation can promote human connectedness.

Technology Forms Trust

Belk elaborated the importance of trust and bonding in sharing activities: "Sharing, whether with our parents, children, siblings, life partners, friends, coworkers, or neighbours, goes hand in hand with trust and bonding" (Belk, 2010). Trust is a complex construct in peer-to-peer experience economy. For a peer to be able to create an experience with / from another peer, trust must be established. Today, the technologies implemented in "trustworthy" platforms create trust at the initial stage of the peers' interaction. Trust is a fundamental principle in peer-to-peer experience economy, especially between anonymous participants.



Key enabler of peer-to-peer experience economy is the creation of trust on online platforms. The traceability and identification of peers enables people to form trust online — converting a stranger into a "trustworthy" interacting peer — and let them share their experience. For example, you may find a suitable host on Airbnb and eventually knock on their door — exchanging "Hajime-masite" (初めまして / First time meeting you) — in anticipation of spending your next three days at their place.

Five core technologies contribute in building trust between peers: mobile technology, internet, net ID, peer review, and encrypted payment.

1. **Mobile technology:** utilises hardware and tools to track users in the physical world, enabling connectivity and traceability of users.

2. **Internet:** connects platform between server and clients.
3. **Net ID:** certifies personal information and individual accountability.
4. **Peer Review:** identifies individuals and trust-based online community.
5. **Encrypted online payment:** secures online transactions.

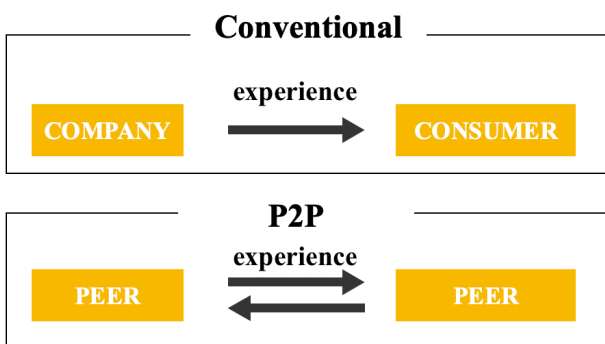
These five core technologies provide for the functions of traceability, user registration, personal ID, and secured online transaction.

1. **Traceability:** identifies strangers and tracks activities.
2. **User Registration:** keeps user profile on the platform and stores information
3. **Personal ID:** creates reputation and accountability between peers.
4. **Online transaction:** provides secured revenue to business and user with encrypted online payment technology.

These core technologies are essential in the expansion of experience economy. In order to maximise the value created through experience, companies need to continue implementing technologies on the platform which ensure “trust” between peers.

Trust in Peers Expands Experience Economy

This formation of trust among strangers is at the very forefront of peer-to-peer experience economy. It allows people to experience beyond the “stages” offered by conventional companies; i.e., the experience is becoming more intense and personalised. It is not just about visiting a large mall with Christmas decorations and an orchestra performance which you are charged for at the entrance; it is about you joining a British Christmas tree decoration workshop in Japan and an amateur orchestra



concert near your community.

Modern technology expands the conventional model into a two-sided experience exchange between the provider (peer) and guest (peer). It is different from conventional experience economy as peers can now sell and buy experience at the same time. In peer-to-peer experience economy, mutual value is created at both ends.

Commodification of experience not only enables peers to purchase, but also to sell — bringing a drastic shift in the experience economy market. This shift attracts a high number of peers to the platform which, in turn, leads to increased economic activity. This trust among peers also raises the popularity of experience economy. For example, the popularity of collaborative consumption — a type of experience economy where peers consume collaboratively — has increased in scale. Forbes discovered that thanks to Airbnb, hotel bookings in the U.S. fell by 1.3% (Gerdeman, 2018), while Business Insider found taxi trips in New York City decreased by 11% due to the popularity of Uber (Muoio, 2017). Indeed, collaborative consumption is no longer a niche behaviour, but heading to be a mainstream phenomenon (Batsman, 2013).

The context is of importance since peer to peer experience economy creates enjoyment and a sense of community belonging that triggers values beyond monetary benefit. This joy of engagement and experience motivates people to shift towards the more personal experience economy.

We Spend More on Peer-to-Peer Experience

The way we spend money in the cyber civilisation is also changing. According to McKinsey’s report, millennials are found to spend the most on experiences (Goldman et al., 2017). The authors found that “a deeper psychological link to long-term intrinsic happiness than buying products” encourages millennials to spend more money on experiences (Goldman et al., 2017). Money in the cyber civilisation is spent not simply to cover cost. This shift in economy is exemplified by the experience afforded through collaborative consumption.

As mentioned above, collaborative consumption is a type of experience economy that demonstrates the very reason why people engage in it. It is defined in this paper as “peer-to-peer based activity of obtaining, giving, or sharing access to goods and services, coordinated through community-based online services” (Hamari et al., 2015).

In Pais and Provasi’s ‘Sharing Economy: A Step Towards the Re-Embeddedness of the Economy?’, the authors claim that collaborative consumption has moved to occupy a ‘vacuum’ left behind by previous economic models of the 20th century, “by experimenting with collaborative social forms [which are] able to embed economic relations once again in social ones” (Pais and Provasi, 2015). Hamari et al. (2015) discovered enjoyment as the most potent motivator on collaborative consumption platforms. Based on a quantitative survey of data of people registered at such sites, community-belonging and social motivation also play a dominant role in the repeated usage of collaborative consumption platforms (Bocker and Meelan, 2016).

Although demand for an object or service triggers initial engagement in collaborative consumption platforms (Belk, 2014), the non-commercial value of such platforms shifts society toward an economy that is ‘more connected and more embedded in the community’ with a ‘currency’ of trust (Sundararajan, 2015; Batsman & Roger, 2010). As a result, there is a blurred line between commercial

exchanges and social sharing in the emergence of collaborative consumption (Sundararajan, 2015; Pais and Provasi, 2015), indicating the rise of a new form of experience economy.

On the basis of collaborative consumption, society will be re-oriented around peer-to-peer experience economy, filling in the 'vacuum' left behind by earlier 20th-century economic models (Pais and Provasi, 2015).

At the same time, the quality of goods and services provided in peer-to-peer experience economy is often lower than would be expected conventionally. Yet, even though many artists or chefs involved are amateurs, a great number of peers desire to buy their experiences from them. For today's peers, it is the experience and personal value created that matters the most. This also indicates a shift in jobs. More amateur or less professional jobs will nevertheless be valued in peer-to-peer experience economy.

Peer-to-Peer Experience Economy Can Connect People.

What intrigues me the most in experience economy is its foremost position in connecting people in the cyber civilisation. Regardless of language or cultural boundaries, peers from different parts of the world can trust, interact, engage, and experience together. A French driver may drive a Vietnamese in Dublin, a Korean family may stay at a Somali family house in Guangzhou, or an Egyptian might join a Japanese cultural workshop in China.

Peer-to-peer experience economy involves social interaction and engagement between peers beyond verbal communication. Social interaction, the reciprocal and mutual influence a person or groups of people exert on each other through social contact and communication, makes people engage more in the experience and creates unforgettable memories with people from all parts of the world. Our daily activities, such as travelling, eating, and learning, involve more interaction and engagement with people, and add more personal value to our lives. Yet, peer-to-peer experience extends beyond the field of travel, transportation, education, art, and music; it extends to our entire everyday lifestyle. It is an economy that lets you and I interact with each other - two individuals who would not have met otherwise - and share our experience - creating a precious value within each of us.

Conclusion

Watching TV at a stranger's house, going for a run with a group of strangers, or even cooking for a group of strangers. Today's technology makes our engagement with previously unknown peers, so called "strangers", possible. We are now engaging with previously unknown people in our daily social and economic activities — and this is changing the way we spend money and time, the way we make friends, and the way we live.

Could it be that experience economy allows us to become a more connected society? Peer-to-peer experience economy has led to a novel form of human connectedness in our daily economic activities. Whether this connecting

economy will replace conventional commercial models remains to be discovered. The impact of our engagement in peer-to-peer experience economy, however, needs to be further explored.

Perhaps, peer-to-peer experience economy leads to truly global connectedness in the cyber civilisation.

Reference

- BBelk, R. (2010). Sharing. *Journal of Consumer Research* 36(5)
- Belk, R. (2014a). Sharing Versus Pseudo-Sharing in Web 2.0. *The Anthropologist*, 18(1),7-23.
- Belk, R. (2014b). You are what you can access: Sharing and collaborative consumption online. *Journal of Business Research* 67(8) 1595–1600.
- Backer, L., & Meelen, T. (2016). Sharing for people, planet or profit? Analysing motivations for intended sharing economy participation. *Environmental Innovation and Societal Transitions*, Published Online, September 15.
- Botsman, R. (2010). *What's Mine Is Yours Intl: The Rise of Collaborative Consumption*. New York, NY: Harper Paperbacks.
- Botsman R (2013) The sharing economy lacks a shared definition. *Fast Company* 21: 2013.
- Felson, M., and J. Speath. (1978). "Community Structure and Collaborative Consumption." *American Behavioral Scientist*, 21(4), 614-24.
- Goldman, D., Marchessou, S., & Teichner, W. (2017). *Cashing in on the US experience economy*. McKinsey&Company Private Equity & Principal Investors.
- Hamari, J., Sjöklint, M., & Ukkonen, A. (2015). The sharing economy: Why people participate in collaborative consumption. *Journal of the Association for Information Science and Technology*, 67(9), 2047-2059.
- Muoio, D. (2017). New Yorkers now use Uber more often than taxis. *Business Insider*, October 13
- Pais, I., & Provasi, G. (2015). *Sharing Economy: a Step towards the Re-Embeddedness of the Economy?.* Stato e Mercato.
- Pine, J., & Gilmore, J. (1998). *Welcome to the Experience Economy*. Harvard Business Press