Abstract
The sharing economy is a topic that is discussed continuously in the media as it continues to grow and large corporations continue to flourish. This disruptive technology in coalition with regulatory question marks has allowed sharing economy companies to change the business landscape in a number of industries in a short amount of time. However, there has been little investigation into how consumers perceive risk when using sharing economy companies in comparison to their traditional counterpart. This thesis looks at both the dimensions of perceived risk in addition to the antecedents of perceived risk in order to establish what makes a consumer perceive something as ‘risky’. A qualitative study was carried out through semi-structured interviews with drivers at UberPOP and Taxi Stockholm, as well as with passengers that have travelled with both companies. From our analysis we conclude that consumers perceived risks as higher in traditional companies in comparison to sharing economy companies.

Note: It is important to acknowledge that since the inception of this thesis in 2015, Uber’s cheapest offering UberPOP which this thesis revolves around was put out of operation and deemed illegal in a number of countries in 2016. As discussed in this thesis, the UberPOP version of Uber did not require drivers to have a taxi license and used the sharing economy in the truest sense; a peer-to-peer activity where an individual can obtain, give or share access to a good or service. UberPOP was advertised as a car sharing service where a driver without a taxi license could provide rides to other active members of the Uber community. The Swedish court did not take a similar standpoint and found UberPOP drivers guilty of running an illegal taxi service. UberPOP has been defunct since May 2016 although Uber itself continues to operate through other offerings.
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1. Introduction

The sharing economy is an emerging phenomenon that encompasses both economical and technological aspects. The combination of technological developments within IT, creating platforms that facilitate online social communities, grouped with an increased economic awareness of consumers has created a place where ‘collaborative consumption’ can take place and grow (Botsman & Rogers, 2010; Wang & Zhang, 2012). As a core part of the sharing economy, collaborative consumption involves a peer-to-peer activity where an individual can obtain, give or share access to a good or service. With this change in consumption patterns, there is a current power shift taking place in the economic world as new upstart businesses are beginning to upend traditional industries (Heimans & Timms, 2014). In 2016, there are an estimated three billion people with access to the Internet and over one billion estimated to engage in social media (Statista, 2016). The youth in today's society interact daily through social media and have elevated trust in the online community in comparison to their older counterparts. Peer review has becoming an increasingly popular way to gauge trust in a product or organization in the online world (Felländer et al., 2015)

The potential of the sharing economy is therefore huge through increased online social interaction, which has been growing exponentially since it came to fruition, but there are also risks evident in this disruptive business model.

The biggest challenge to a big part of the sharing economy is liability. Whether it is your car, house, your driver, or you, it is important to make sure that people know what they are doing in terms of the risks they are taking on, something that is lacking today (PwC, 2015). Insurance plays a central role in this discussion. Since the consumption in certain sharing economy companies and through certain service offerings are made peer-to-peer (consumer-to-consumer), this raises risks of who is liable at what point of the transaction, and if there are damages to property or an individual there is great uncertainty whether your personal insurance covers this (Franzetti, 2015).

On the one hand, some people envision a techno-utopia where increased connectivity creates a democratic and prosperous society where individuals hold the power rather than bureaucratic giants (Heimans & Timms, 2014). On the darker side of things, the sharing economy is faced with the challenge of ensuring safety and insurance where a major issue is that the consumers do not understand the risks they are taking on (PwC, 2015).
The sharing economy is a catalyst for new ideas and generating companies who seek to capitalize on the peer-to-peer money making opportunities (Vilano, 2014). However, for the consumers, the risks that come as a result of this new business model might not be fully visible, which raises the question of what risks they perceive and why this is the case.

1.1 Uber's disruption of the taxi industry

The frontrunners in the sharing economy have already become global organizations. These companies have already made economic impacts; additionally, they are strong players in market competition, disrupting nearly every industry they touch. One of these sharing economy companies is Uber. Figures show while only 44% of the US consumers are familiar with sharing economy as a concept, the ride-sharing company Uber had a valuation at $41.2 billion in February 2015 (PwC, 2015). To put this into perspective, this valuation is outstripping the market capitalization of other transport companies such as Delta Air Lines, American Airlines and United Continental (PwC, 2015). Uber refer to themselves as a transportation network as opposed to a taxi company, where you connect to drivers through a mobile application. At its founding principle, the passenger uses the app to connect with a nearby driver also connected to the app and can thus request a ride for the exchange of an electronic payment to the driver. Throughout Sweden there are four different types of transportation available: UberLUX, which is Uber's luxurious and most expensive alternative, with drivers being licensed taxi chauffeurs. The second most expensive is called UberBLACK, which utilizes standard higher end cars, operated by licensed drivers. Following the previous sequence is UberX, which involves smaller low-end cars with licensed drivers (Uber, 2016).

Although, all transportation offerings made by Uber are disruptive to the taxi industry as a whole, the offering that has received the most attention and debate is UberPOP. This low-cost offering allows private persons without formal taxi licenses to essentially operate as taxi drivers. The price for an UberPOP ride in certain cases is often only 50% of its traditional taxi service counterparts. Although there is a difference in price, what differentiates UberPOP is its consumer-to-consumer service, in comparison to traditional taxi companies, who are operating from business-to-consumer standpoint, although they both operate in a physical setting (Uber, 2016).
The companies in the sharing economy has numerous obstacles and challenges to overcome with it being a relatively new phenomenon with nothing set in stone in comparison to traditional business models (Botsman & Rogers, 2010). Companies such as Uber provide a platform where individuals can benefit from the sharing economy but also bring about significant risks for both customer and drivers. Due to an absence of regulation and legislation that define where the sharing economy companies fit in, there are also increasing risks as a result of this absence. One of the ongoing challenges revolves around customers risk perception and who is held accountable for an individual’s safety (Kokalitcheva, 2015). Debates in media highlight that Uber’s service UberPOP is a bypass of costly regulatory and insurance requirements, and are able to transfer these risks to the consumers.

Under the stylish easy to use websites and apps lies a potential danger where responsibility of wrongdoings is currently uncertain (Kokalitcheva, 2015). These new technologies expand rapidly through cloud based apps and social networks and establish themselves with very little legal oversight (Maney, 2015).

1.2 Aim of study

The purpose of this thesis is to shed new light on the sharing economy by exploring consumers’ perception of risk and comparing it to that of traditional companies. Several quantitative studies have focused on the drivers and values that are prominent in users’ engagement and participation in the sharing economy and these reasons are well understood (Cohen and Kietzmann, 2014; Belk, 2014; Buzynski, 2013; PwC, 2015). However, there is a gap in understanding the risk mentality of the consumers in the new collaborative era and how the risk perception towards sharing economy companies and traditional companies differs. By doing a comparative study, this will allow us to form a picture of the ‘safety nets’ present in the two different business models, and thus clarify why the consumers risk perception might differ between the two cases. With this in mind, it also becomes of interest to explore the antecedents of perceived risks. More explicitly, it is of interest to explore whether the risk perception stems from the consumers’ lack of knowledge or that they overlook the risks due to a profound trust in the company.

By using UberPOP and the taxi industry in Stockholm as an example, this thesis sets out to explore consumers’ perceived risk in the sharing economy and the antecedents’ effect on why
this is the case. In order to grasp why the consumers have a certain perceived risk, one has to understand the environment in which Uber is operating. Therefore, this leads us to the following research questions:

1.3 Research questions:

How do consumers’ perceived risk differ regarding companies in the sharing economy in comparison to that of traditional companies?

How do the prevalent antecedents exist to explain how the consumers risk perception differs?

What actual risks are consumers taking by using UberPOP?
2. An introduction to the sharing economy

2.1 The inception of sharing economy
In order to grasp the foundation of the sharing economy, it is important to firstly understand the idea of sharing. The idea of sharing is certainly not a new phenomenon, according to Belk (2007). Sharing is not only an important phenomenon with the rise of the Internet, but it is “also likely the oldest type of consumption” and continues by describing how the reluctance to study sharing in consumer research is likely due to it sometimes being treated as either an exchange of gifts or an exchange of commodities. Instead, sharing should be seen as smart way to make use of current resources, Belk (2010) argues “the sharing frequently [...] improves the efficiency of resource use” and that it therefore should be used to shed more light within consumer research. With an increasing population of finite resources (Buzynski, 2013) in conjunction with the rise of the Web 2.0, sharing is nothing new but rather “a phenomenon born of the Internet age” (Belk, 2013). Thus, some researchers (Belk, 2013; Buzynski, 2013) argue that the rise of the sharing economy as a concept is a direct response to environmental pressures in timing with the technological advancements made, with special adherence to the Internet (Belk, 2013; Buzynski, 2013).

In contrast, Cohen and Kietzmann (2014) argue that sharing economy business models might have been “a result of the need for frugal spending after the global economic recession of 2008” (p.279). Hence, sharing is a rational response to the economic crisis. An increased consumer consciousness regarding frugality and conservation might have been a propelling factor where consumers sought to save more, consume less, and share more. In resemblance to conclusions made by Belk (2013) and Buzynski (2013), the authors also argue that the rise of the sharing economy could be a result of a greater awareness of sustainability and the recent inception of the Internet. (p. 279). In the following paragraphs, the forces behind the growth of the sharing economy are explained through the users values and drivers; societal, economic, and technological alike.

2.1.1 User values and drivers
According to Botsman and Rogers (2010), in the sharing economy there are both peer providers and peer users that make up the core of the stakeholders. Simply put, peer providers are the facilitators of assets to rent, share, or borrow, whereas on the other side of the spectrum the peer user is the consumer of the facilitated product or service (pp. 167-168). To
fully grasp the concept of the sharing economy it is important to understand the values and driver of the users. For some the drivers might be purely economical, to save money by simply accessing resources and not committing themselves to ownership, for others, the driver to engage in the sharing economy might be to be more mindful of what to buy and engaging in a ‘reduce, reuse, recycle’ mentality. A quantitative study by Havas Worldwide (2014) depicts that millennials are more active and mindful towards consumption and that they will be the main agents for embracing the rise of the sharing economy. Similarly, a recent quantitative study by PwC (2015) shows that the environmental benefit of collaborating in the sharing economy is definitely understood, since 78% agrees that it reduces waste, but perhaps this is still not a large enough driver for a big part of the population (pp. 9). The study shows that the strongest factor is purely the economic benefit of engaging, where 86% agreed that it makes life more affordable (pp. 9). Likewise, to further rank the different drivers users have to engage in the sharing economy, Havas Worldwide (2014) outline that the three most important aspects to engage in the sharing economy is; (1) saving money at 32%, (2) feeling active and useful at 13%, and (3) reducing my consumption carbon footprint at 13% (pp.24), thus showing similar results to the PwC (2015) study.

Several quantitative studies have focused on the drivers and values that are prominent in users’ engagement and participation in the sharing economy and the area is well understood. However, there is a gap in understanding the risk mentality of both consumers and the partners in the new collaborative era, meaning how the risk perception towards sharing economy companies and traditional taxi companies differs.

2.1.1.1 Societal Drivers
It is predicted by the middle of the century the Earth’s population will be in excess of nine billion people. Currently there are over seven billion on the planet and already our natural resources are being consumed at an unparalleled rate. Generations are beginning to integrate increasingly as the youth thrive in the new technological world whilst older people are living longer than before (Rinne et al., 2013). As time goes on, the population problem in combination with resource pressures will drive consumers to alternative behaviours in order to adapt. Increasing efficiency and reducing waste becomes more important as time continues. Gansky (2010) encapsulates this sentiment stating “Simple math suggests that in order to have a peaceful, prosperous, and sustainable world, we are going to have to do a
more efficient job of sharing the resources we have” (pp.28). Urbanization and in particular population density is another key societal driver as sharing in general is reliant on delivering what a consumer wants at a convenient place and time. Sharing is therefore increased in urbanized population dense areas. Within the next 50 years, studies suggest that three quarters of the world’s population will be urban dwellers, furthering the drive towards sharing (Hejne, 2011). The final societal driver is the innate human desire for community. The sharing economy is not only about meeting consumer needs, but it also provides a social experience and sense of community for people (Gansky, 2010). Owyang (2013) further iterates this desire to connect with others as individuals are beginning to bypass faceless corporations and beginning to transact with each other within the sharing economy through utilization of others’ homes, transportation and goods.

2.1.1.2 Economic Drivers
The worldwide financial crisis of 2008 was a catalyst of distrust towards traditional brands and business models. Consumers were forced to reevaluate their behaviours in order to gain access to their wants and needs (Botsman, 2011). Peer to peer organizations increased in the aftermath of the financial crisis as a solution to society’s materialistic attitude and overconsumption in the years leading to the recession (The Economist, 2013). Two economic subjects come to fruition during consumer trust and financial strain; the power of idling capacity and access over ownership. Botsman and Rogers (2010) provide a perfect example of idling capacity though the example of a power drill; claiming more than half of US households have at some point purchased a power drill; claiming more than half of US households have at some point purchased a power drill. Despite this, the average use of a power drill during its lifetime is as little as five to fifteen minutes. Therefore roughly 50 million drills are not being utilized for the majority of their working existence. This unused potential is what constitutes ‘idling capacity’ and the sharing economy crusade involves capturing and redistributing this idling capacity to where it is needed (Botsman, 2011). Gansky (2010) suggests that consumers are becoming more aware of what might be deemed as idle value such as items, spaces, land and skills that have the potential to be shared and monetized. The sharing economy provides a network where users can profit from what they already have. This is what is described as ‘access of ownership’ and the sharing economy becomes a place where you can prioritize underutilized goods. The incentives for sharing are based on financial gain; the larger the financial gain, the more likely someone is willing to share underutilized assets. For example, car owners can benefit from sharing due to their high
value in comparison to their relatively low use, which can help make payments towards the car (Gansky, 2010).

2.1.1.3 Technological Drivers
The sharing economy grows exponentially in every single aspect due to technological facilitation. Billions of people are connected to the Internet with currently just under 40% of the world’s population having access. It is also projected that within the next few years that roughly 70% of the literate population of Earth will own a smartphone; demonstrating the magnitude we will be able to connect worldwide through technology (Suster, 2013).

According to Botsman (2010), the most influential Internet feature that drives the sharing economy is the rise of social networking. Social networks provide masses of cheap data that businesses can use to define and deliver targeted personal goods at the right time and location with ease (Gansky, 2010). Technological advancements have additionally improved payment systems where sharing businesses can utilise e-commerce and payment platforms that can allow peers to make transactions effortlessly. A study by Owyang (2013) discovered 27 out of the top 30 businesses in the sharing economy utilise online or mobile payment systems. The process of renting from somebody nearby or far away has been greatly simplified by technology.
3. Literature review
The theoretical chapter has been constructed to cover initially the topic of risk in addition to its relationship with uncertainty to provide a deeper understanding of the topic as a whole.

The literature review then moves on to perceived risk where three key concepts of perceived risks are explored: First comes the heuristics of the individual, which are defined as efficient ways in which individuals form judgements and make decisions. The second area looks at the dimensions of perceived risk by reviewing the most commonly found dimensions of perceived risk from previous studies. These are the perceived risks used for the paper in regards to purchasing a product or service. Finally there are the antecedents of perceived risk. This section of the literature review observes what factors precede and contribute to the perceived risk of the consumers. Among these factors are the knowledge base of the consumer, the levels of trust between different actors, and individual risk propensity.

3.1 Risk
People commonly define risk as the ‘probability of loss’, according to Yates and Stone (1992); however, the definition should be more refined. Yates and Stone (1992) state that the definition is threefold, where the elements of the risk construct are (1) potential losses, (2) significance of those losses, and (3) the uncertainty of those losses. Similarly, Regester & Larkin (2005) claim that risk is “a measure of the adverse effect of an issue” (p.17), meaning that risk is a measurable outcome. They continue by stating how risk is about “assessing and communicating the hazards” (p.17) relative to the safeguards and benefits of the specific issue.

3.1.1 Risk and uncertainty
The fact that risk is measurable defines and differs it from uncertainty. Research shows that the relationship is ambiguous but also demonstrates that risk has to do with the variation in possible outcomes whereas uncertainty refers to the doubt surrounding the degree of confidence a person has towards the future or a certain risk situation (William & Heins, 1981). This means that risk is a state where the number of possible events is greater than the events that actually occur, and that some probability or likelihood can be attached to these different events. On the other hand, uncertainty is simply a state of ambiguity where no probabilities can be attached to the distribution of different outcomes (Stone & Gronhaug, 1993). Therefore, a prerequisite for risk is the presence of uncertainty, meaning that the future is not predetermined. Instead, it is dependent upon the present decision making by an
individual (Renn, 1992). At a more extreme level, Bernstein (1998) states that absolute certainty is non-existent and that there is always some uncertainty present due to the sheer mass of information present for a person to draw upon when making decisions, and that this mass of information is not always comprehensive, leading to a state where risk is always present to different degrees. Consequently, uncertainty and risk are a constant element of everyday life and decision-making. However, researchers claim that the two terms are often carelessly used interchangeably, and that academic researchers should be specific about highlighting their differences yet also their connection to each other (William & Heins, 1981; Stone & Gronhaug, 1993). For the purpose of this thesis, the definition given by Yates and Stone (1992) will be used; which includes (1) potential losses, (2) significance of those losses, and (3) the uncertainty of those losses.

3.2 Perceived risk
The approach an organization should have to risk is fundamentally dependent upon the risk attitude and the risk perception of the consumers, therefore the approach for an organization with a great deal of peer-to-peer interactions in their business model might differ from those exercising a more traditional business model. Long before there was risk probability, risk management, and decision analysis, there was intuition, attitude, and instinct. When discussing perceived risk, it is important to distinguish between risk as emotions and risk as reasoning. Mitchell (1999) states that the average consumer is mostly characterized by a subjective risk assessment as opposed to making a thorough objective analysis of the different risks at hand. Even if there is some sort of calculation involved during the risk assessment, it is always a combination of both subjective and objective factors when dealing with the consumers’ perception of risk.

There are many factors that influence an individual’s approach to risk, dependent on the heuristics of the individuals (Kahneman and Tverksy, 1974; Slovic et al., 2002, Slovic et al., 2004), the absence of perfect rationality (Simon, 1955), but also the importance of objective risk analysis (Renn, 2004). These factors exist to describe why similar accounts of risk scenarios might result in completely different perceptions of risk. The heuristics of the individual are especially interesting as they stand to explain how an objective risk analysis and a clear picture of reality does not always steer the anticipated consumer behaviour. In the instance of UberPOP, it can be difficult for consumers to develop an articulated sense of the
risk that they are taking in using this service, given the relatively short period that Uber has been in business, as well as the fact that Uber drivers are not truly employees of the company, but rather independent contractors who use the Uber app as a platform to advertise their services and collect fares.

### 3.2.1 Heuristics of the individual

Heuristics are a purely mental operation that seeks to explain how decision-makers simplify the risk situation, and rely on “subjective feelings, biases, and rules of thumb” (Háromi 2003 p.780) as opposed to surveying a thorough and rational analysis of the current situation. There are mainly two heuristics of importance when an individual is presented to risk; the affect heuristic and the availability heuristic. As recognized by Slovic (2000), while people may be able to make the right decision without risk analysis, there is little doubt that the decision making process on risk will include some form of affect and emotion. The affect heuristic can be thought of as the subjective interpretations of “goodness or badness” that serve to guide judgments and decisions (Slovic et al., 2002). At the focal point of this theory is the notion that people's’ feelings towards situations, with or without consciousness, lead to either a positive or negative stimulus of the decision making process. This part of perceived risk deals with the subjective values attached to risk analysis as mentioned in section ‘3.1 Defining risk’. People often base their thoughts of an event not only on what they think about it in terms of the information at hand, but also on how they feel about it. If their feelings toward an event are positive, they are moved toward judging the risks as low and the benefits as high; and vice versa, if their feelings toward it are negative, they tend to judge the opposite—high risk and low benefit. This is what researchers have defined as the affect heuristic (Slovic et al., 2002).

At its foundation, the availability heuristic covers biases that occur in an individual’s decision making due to retrievability of events. Retrievability means that the individual’s perceived risks are more influenced by either current or recent events as opposed to events that occurred years ago (Vasvári, 2015). As Kahneman and Tversky (1974) point out, individuals are also more prone to overestimate the impact of unusual, extraordinary, and previously experienced events. To exemplify, people are faster to point out and point to events more frequent when they have a higher impact, e.g. murders as opposed to thefts. When an event is more readily
retrieved from an individual's memory it often stems from the retrievability, impact of the events, and whether or not the event has occurred to the individual in a previous situation. According to this heuristic, “people use the ease with which examples of a hazard can be brought to mind as a cue for estimating the probability of a hazard” (Slovic et al., 2004). In regards to the importance of this heuristic for UberPOP, the fact that ride sharing is a relatively new phenomenon, consumers have no frame of reference by which they can assess the risks inherent in using Uber. Often, the closest point of reference that they have is a taxi service; however, Uber often consciously constructs its advertising so as to place the brand in direct opposition to traditional taxi services. As such, one of the major advantages (and also, disadvantages) that Uber enjoys in the consumer market is the relative lack of historical events that can influence consumer’s perception of risk.

3.3 Dimensions of perceived risk
There exists plentiful research that displays different dimensions of risk in general, and for the purpose of this study, the different dimensions of perceived risk in particular. One of the incepting articles on the dimensions of risk perception came from Roselius (1971), he argued that there were four dimensions; hazard, time loss, ego loss, and money loss. Since then, some dimensions have changed label, and even more have been added. In order to zoom in on the most widely used dimensions, a summary of the studies dealing with perceived risk dimensions can be found in Table 1. These are the most commonly cited studies that argue for separate selections of dimensions, however, many common denominators can be found. The product of these dimensions lead to a purchasing behavior, which can be thought of as the concluding probability of doubt, in terms of decisions of moving on to another alternative, cut down the volume of spending, cut down frequency of spending, or otherwise put off the purchasing behaviour of the product or service in mind.

Table 1: Most Frequently Discussed Dimensions of Perceived Risk Throughout Academia

<table>
<thead>
<tr>
<th>Year</th>
<th>Author</th>
<th>Financial</th>
<th>Performance</th>
<th>Physical</th>
<th>Social</th>
<th>Privacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971</td>
<td>Roselius</td>
<td>X</td>
<td>X</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>1972</td>
<td>Jacoby &amp; Kaplan</td>
<td>X</td>
<td>x</td>
<td>X</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>1974</td>
<td>Kaplan et al</td>
<td>X</td>
<td>X</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>1991</td>
<td>Haylena &amp; Desarbo</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>1993</td>
<td>Stone &amp; Gronhaug</td>
<td>X</td>
<td>x</td>
<td>X</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>1995</td>
<td>Darley &amp; Smith</td>
<td>X</td>
<td>X</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>1996</td>
<td>Jarvenpaa &amp; Todd</td>
<td>X</td>
<td>X</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>1999</td>
<td>Mitchell</td>
<td>x</td>
<td>x</td>
<td></td>
<td>x</td>
<td></td>
</tr>
</tbody>
</table>
Although many and multidimensional, Dowling and Staelin (1997) argue that the majority of the different dimensions fit into the dimensions of performance risk, financial risk, and social risk. For the purpose of this thesis and due to the prevalence of these dimensions in prior studies, perceived physical and privacy risks have been added to the most prevalent dimensions of perceived risk (Jarvenpaa & Todd, 1996). Dimensions of perceived risk are plentiful, it was important for this thesis to be able to narrow down to only a few dimensions that are both relevant to the topic and widely discussed. Table 1 depicts highly regarded academia and the dimensions they decided were most pertinent in regard to perceived risk. The 5 dimensions highlighted in table 1 were the most cited throughout academia and are therefore chosen for this thesis to represent perceived risk regarding UberPop and the sharing economy. The dimensions discussed extensively by scholars that will be used throughout this thesis are as follows:

**Financial risk** is commonly also referred to as economic risk. This encapsulates the consumer’s concern about the relationship between money and value, as well as the concern about eventual losses if the product/service does not live up to its standards. In short, perceived financial risk encapsulates the “possibility of monetary loss” connected to the purchase of a product/service (Jarvenpaa & Todd, 1996). Zhang et al. (2012) argue that the potential financial loss due to fraud should be included in the definition of financial risk. In the instance of Uber, consumers may worry that they will be overcharged for a ride, or that their financial information will fall into the wrong hands.

**Performance risk** entails the consumer’s ability to see whether or not the product or service will uphold the stated requirements. It is defined as “the consumer’s perception that the product/service may fail to meet requirements” (Jarvenpaa & Todd, 1996). In addition, Lim (2003) extends this definition by claiming how it entails the “possibility that the purchased product/service do not work properly or can be used for only a short period of time.” UberPOP consumers may be concerned that drivers will not arrive when they are summoned, or that the car will experience mechanical problems or a complete breakdown en route to the destination.
**Physical risk** refers to hazards to either the health or appearance of the consumer but also to the physical exhaustion and mental capacity devoted to the purchase and whether or not the service provided the consumer with saving effort. In short, according to Lim (2003) the perceived physical risk surrounds the “possibility that products are harmful to individuals’ health.” To tie this concept in a more concrete fashion to the services of UberPOP, a consumer may worry that the driver has not been properly vetted by the company, and is a bad driver. Alternately, female consumers in particular may be concerned that the driver will sexually harass them or physically assault them.

**Social risk** refers to the “individual's’ perception of other people regarding their [...] (purchasing) behavior” (Lim, 2003). This dimension focuses a great deal on the position of the brand and the company’s recognition and status from the service or product when bought. Zhang et al. (2012) extend the above definition by arguing how the social status within the individual’s group of friends when purchasing a product or service might be diminished, and lead to the individual looking foolish and unpopular as a result. As such, it also surrounds the consumers concern about the image they portray through their behavior (Jarvenpaa & Todd, 1996). As for the potential social risks of using Uber, consumers may worry that their peers and neighbours will negatively judge them for using the service; however, this does not seem to be much of a problem, as Uber is widely perceived as innovative and trendy.

**Privacy risk** revolves the consumers’ awareness of how the product/service may lead to a loss of privacy. To specify, it “reflects the degree to which consumers envisage a loss of privacy because of information collected about them” (Jarvenpaa & Todd, 1996). Furthermore, Zhang et al. (2012) explain how it surrounds the loss of control over personal information “when the information is used without permission.” UberPOP consumers may have concerns about maintaining their personal payment information in the Uber database, as hackers have gained access to Uber’s databases in the past, and it is not unthinkable that this could occur again the in the future. Additionally, multiple customers have reported that they have been overcharged for rides, far beyond the rate that they originally agreed to when ordering the ride. There have been two especially notable instances of this overcharging in North America; a Canadian passenger recently reported having been charged over $14,000 USD for a 20-minute ride, and an American reported to news media that Uber charged him
over $18,000 USD for a similar ride. While the company quickly reversed the charges, the company seems to have major issues with its payment systems.

3.4 Antecedents of perceived risk
It is of significant importance for online business managers to understand the antecedents of consumer perceived risks so that they can use this information to build consumer trust and manage their perceived risks that are typically present during online purchasing (Belanger et al., 2002). Traditional companies accomplish trust and manage risk building through interactions between customers, salespersons and the company (Burt & Knez, 1996; Doney & Cannon, 1997). There are general antecedents of perceived risk according to Dowling and Staelin (1994) such as knowledge. Additionally Choffee and McLeod (1973) state that the concept of trust is interlinked with risk; perceived risk is an antecedent of trust whilst building trust leads to a reduction in the perceived risk within the relationship between the two parties (Mitchell, 1999). Furthermore, risk propensity which looks at how willing someone is to take or avoid a risk is another key antecedent of perceived risks; this factor is usually dependent on how the consumer evaluates the product or service in comparison to the risks involved (Grewal et al., 2007).

3.4.1 Knowledge
Consumer behaviour is heavily influenced by consumer knowledge; knowledge is more readily available than ever before and consumers research into products and services more than previously (Pratibha & Shengb, 2012). There are two known components of consumer knowledge that are seen as antecedents of risk perception, which are subject knowledge and objective knowledge. A consumer's subject knowledge creates a perception of a product or service from the information stored in memory (Flynn & Goldsmith, 1999; Park et al., 1994). Objective knowledge refers to the accurate amount of information that is stored in the persons memory (Park et al., 1994). This is an important distinction as when the consumer has accurate knowledge about a product or service then they will feel more at ease and perceive less risk (Thom, 2007). There are different ways that consumers can form this knowledge on a company and their products and services. One way is through cognition, by which a consumer shapes the observations and perceptions of the features and characteristics of the firm they are viewing. Consumers can also gain knowledge through experience; personal experiences with the vendors and familiarity. Furthermore, consumers gain affect-based knowledge. Such affect-based knowledge can include the reputation of the company, word of
mouth, recommendations and any other form of information gained from other sources. Additionally, consumers often take the ethical reputation of a company into account when deciding to use its services. Unfortunately, the Uber Corporation has not built a global image of being particularly concerned about issues of corporate social responsibility, and this can greatly diminish the trust factor inherent in consumer risk-taking.

3.4.1.1 Cognition Based
Information that is available on the Internet varies greatly in quality; there are highly accurate, reliable and informative pieces of information, as well as inaccurate and unreliable information that can be seen as misleading. Consumer Information Quality (IQ) refers to the perception of the accuracy of information and data found online in regards to products, companies and transactions. Potential online buyers are extremely attentive when it comes to the quality of information available about a company or product as it directly affects their purchasing decision (Pack, 1999). Acquiring high quality information is one of the most important aspects for decision makers in an online environment. If consumers perceive that the vendor information is of high quality, then they will deem the vendor as more reliable and trustworthy. Elevated consumer IQ is a mechanism that can alleviate uncertainty and risk as the accurate, current and relevant information provides enough for the consumer to make an informed transaction with the entity (Miranda & Saunders, 2003).

3.4.1.2 Affect Based
Third Party Seal (TPS) is an assurance mechanism that consumers can avail themselves of when considering vendors within the online community. TPS assures consumers on the vendors operating practices, payments are handled in a safe and secure way in addition to complying with privacy policies in regards to consumer’s personal data (Kim et al., 2004; Castelfranchi & Tan, 2001). Furthermore, a positive reputation of the selling party is another key factor that helps to reduce risk in addition to promoting trust because it affirms the company has previously met consumer expectations (Antony et al., 2006; Resnick et al., 2000). The reputation of the organisation is determined on the degree of esteem that consumers have towards that company and their products or service. Based on this reputation, consumers will determine whether this organization is likely to continue in a similar fashion and whether they are trustworthy; due to a positive reputation, or untrustworthy; due to a negative reputation. Therefore, consumers consider dealing with companies with positive reputations to be less risky due to previously successful dealings that other consumer have experienced (Zacharia & Maes, 2000).
3.4.1.3 Experience Based

Consumer familiarity with an organization refers to the degree of association the consumer has with the vendor, their procedures, products and services. Familiarity with a company is a prerequisite of trust for consumers as it helps the consumer understand the organizations actions and trust their future actions (Gefen, 2000). Conversely, consumers are unlikely to return to an organization where they had an unfavorable experience. Therefore, familiarity is likely to reduce consumer’s perceived risk or uncertainty with an organization due to the previous positive experience and relationship held. Once the consumer has had a positive experience with the vendor they are more likely to purchase goods or services again with higher levels of trust and reduced perceived risk (Gefen, 2000).

3.4.2 Trust

Risk as an overarching concept is also related to the topic of trust. Trust in the sharing economy is a phenomenon that has been given a lot of attention through both popular media and in academic research in recent years (Ufford, 2015; PwC, 2015, Botsman & Rogers, 2010; Rinne, 2013).

Accordingly, within the sharing economy, perceived risk is considered one of antecedents of trust. Since trust is a key concept, it is therefore reflected in the consumer’s inclination to purchase. Mayer et al., (1995) define trust as a willingness to take risk. The perceived risk is said to have an inverse relationship with trust, i.e. when trust increases, the perceived risk will decrease, and vice versa. Perceived risk is therefore a necessary factor in order for trust to be operative and a product of trust building is a lowered perceived risk (Mitchell, 1999).

There are mainly two avenues through which trust can be established, either through what is referred to as structural trust or through interpersonal trust (McKnight & Chervany, 1996). The main difference lies in the trusting relationship being between different actors; for structural trust the relationship usually lies between a person and an institution (e.g. company or organization), whereas for interpersonal trust the trusting relationship is usually established between two or more individuals.

3.4.2.1 Structural trust:

Structural trust is defined by both institutional trust characteristics such as contracts, guarantees, insurances, and regulations, meant to convey trust. There are two prominent
Firstly, the structural assurances are characterized by being dependent on the situation and are not influenced by personal feelings. In order for any organization to be deemed as trustworthy in the eyes of the consumer, the structural assurances including contracts, guarantees or regulations, all in all meant to convey trust, have to be rigid. In short, organizations have to develop solid structural assurances in order to be thought of as trustworthy (McKnight & Chervany, 1996).

Secondly, situational normality is a condition where the level of perceived risk is lowered when the situation is deemed as recognizable and familiar to previous experience. Normal is the keyword here, where the consumers look at the structural assurances and evaluate whether or not they are in accordance to previous events (McKnight & Chervany, 1996).

### 3.4.2.2 Interpersonal trust:
As mentioned previously, interpersonal trust is focused on and established through the trusting relationship between two or more individuals. This is predominantly established through a person's trade-off between expectation and risk within the interpersonal relationship.

Bradach and Eccles (1989) define trust as “a type of expectation that alleviates the fear that one’s exchange partner will act opportunistically”. This means that trust is established when one actor expects the other partner to act according their mutual agreement, and thereby not navigate away from the agreement and act according to his/her own interest. Coleman (1990) also states that the consumer makes a rational decision to acknowledge the risk by engaging in the trusting relationship, and therefore expects that the probability of the anticipated reward should be greater than the risk.

Furthermore, at a personality-oriented level, a customer’s individual traits can also lead to expectations about trustworthiness and in turn perceived risk. A consumer’s disposition to trust is a general appetite to have faith in humanity and display trust towards others (Kim et al, 2008). Reputation bears a high role in creating and maintaining trust and altering the
consumer’s disposition to trust. A change in trustworthiness is reflected through a change in the reputation of the selling end. Therefore, this tendency concerns only the personal traits and psychology of the consumers as opposed to tendencies of knowledge or experience. As indicated by Antony and Xu (2006), “in the absence of first-hand knowledge about the seller, the reputation of the seller becomes an important factor for decision-making.” In this sense, reputation bears an important role in establishing interpersonal trust.

**Conclusion**
Overall, the literature regarding the elements of risk, perceived risk, and the individual heuristics of risk demonstrate that, overall, consumer perception of risk often outweighs the actual risks that are being undertaken. When consumers weight the risks inherent in the purchase of any commodity or service, they tend to evaluate this risk along five categories: financial risk, physical risk, social risk, performance risk, and privacy risk. In the case of UberPOP consumers, the most salient of these factors when considering whether or not to use the service would be physical risk, performance risk, and privacy risk. However, given the fact that Uber is a relatively new player in the transportation market, many of these risks come down to the subjective perception of the consumer.
4. Research method
As stated in our research purpose, there is a gap in exploring the phenomenon of risk within the sharing economy, with special regards to how risk is perceived between traditional transportation companies and sharing economy companies such as Uber. It is especially interesting to uncover how risk perception differs between traditional taxi companies and in services such as UberPOP, where the consumption concerns peer-to-peer interaction where the peers meet face-to-face. The purpose of this study is therefore exploratory; Saunders et al. (2012) state that an exploratory study is conducted in order to find “what is happening; to seek new insights; to ask questions and to assess phenomena in a new light”. This fits the purpose of our study well since we seek new insights on risk perception in a face-to-face setting and are assessing the phenomena of sharing economy in a new light, namely consumer risk perception. The research philosophy is interpretive since we need an “access to meanings and an in-depth understanding of a certain setting” (Saunders et al., 2012, pp.163). To fully reach this, the study is comparative in order to display how risk is perceived towards traditional taxi companies and thus compare this to Uber.

4.1 Research strategy
When conducting an exploratory study, Saunders et al. (2012) mention how a qualitative research strategy is best suited to fit this purpose. This research set out to explore how risk perception can be compared between two facets of the industry. Therefore, we decided that some sort of interaction with the stakeholders associated with the companies was necessary. Qualitative observations allowed for an investigation of something that was not fully understood, and in this sense, interviews were an optimal method to account for a deeper understanding. As such, the qualitative research therefore took on a deductive approach (Saunders et al., 2012). A deductive approach is best suited when commencing with an exploratory purpose of a phenomenon, since it aims to identify themes and patterns between theoretical frameworks and reality - both theory generation and building.

4.2 Research design
The data was collected through interviews conducted in a semi-structured manner. According to Saunders et al. (2012) semi-structured interviews are a good fit when conducting exploratory research as it supports to find out “what is happening and to understand the context” (p.377). The semi-structured interviews as a research design allows the interviewer to probe questions to the interviewee and urge them to expand on certain aspects when needed. This aspect of the interview process was especially important to us, since we could
probe additional questions in order to fully understand both the subjective and objective reasoning behind the interviewees’ answers and allow them to develop and expand on their thoughts. As such, finding contracting pieces of information given by the interviewees on for example their behaviour in relation to their perception of risk were easier to spot and explore on. By using semi-structured interviews the hope was then to not miss out on any valuable pieces of information, resulting in a deeper insight of the phenomenon.

In continuation, the questions in the semi-structured interviews were open-ended to allow the interviewees to speak freely and not limit the answers. Due to the sensitive nature of the subject of risk perception, we gave the interviewees the availability to remain anonymous and thus all of the interviewees were given pseudonyms. This allowed us to probe sensitive questions and thus more honest and open answers were given (Saunders et al., 2012).

4.3 Case selections
To gain sufficient fundamental views of the taxi industry in Stockholm, we considered both the consumer and producer side in the setting, i.e. both customers and the organizations with associated employees. Since this study is exploratory, the sampling was subjective and followed purposive sampling. As argued by Yin (2011), purposive sampling is the best fit when following a qualitative methodology, since the interviewees are selected in a deliberate fashion in order to fulfil the purpose and find the most relevant and plentiful data. This meant that we contacted people we believed had experiential knowledge and a dire interest in the subject, as is mirrored through the case selection. In order to build a focused understanding of risk perception within the sharing economy, the aim was to narrow down on one specific industry, namely transport. This industry was chosen due to level of attention the disruptive actors have received in popular media and academic literature alike (Ufford, 2015; PwC, 2015, Botsman & Rogers, 2010; Rinne, 2013). In addition, in order to display which risks are present in the taxi industry in Stockholm and how these risks are shifting it was of importance to display both traditional taxi organizations with a B2C business model and newer companies with a share of their business model being completely peer-to-peer.

4.3.1 Companies
For the purpose of receiving data that is fruitful and refraining from receiving answers of political correctness, we chose to use qualitative secondary data to explore the strategy of Uber and Taxi Stockholm and possible risk areas. We are aware of the fact that it lies in the best interest of each company representative to portray their organizations and the way they
handle risk in the best way possible, in other words, the picture we would receive in this case might be highly subjective when outlining their strategy. Saunders et al. (2012) refer to this avoidance of participant bias as a good way to ensure reliability of the collected data. The secondary data allowed us to form a practical view of possible risk areas and was not a picture of how their respective strategies were executed in theory. For our purpose, the driver's served as good representatives of the companies in order to convey their risk perception, it was our intention that this also lead to a greater transparency since the drivers would not feel the need to hold back on any piece of information. It allowed us to form an unobtrusive measure of the organizations, leading us to form a comparative study to how the drivers and consumers perception of risk is in line with the company's strategy (Saunders et al., 2012). The secondary sources included writings in popular media, business reviews, academic literature, organization reports, and most importantly the policies found on the companies’ websites. An important feature that we took in consideration was to carefully evaluate the reliability and validity before using any of the data from secondary sources (Bryman & Bell, 2015).

The respondents were chosen primarily for their length of employment in the transportation industry, whether with Uber or Taxi Stockholm. Admittedly, in the instance of Uber drivers, it was impossible to find any driver who had been registered with the app for a duration of longer than a few months. Uber is a very new company, and has a high rate of turnover amongst its drivers. Moreover, Uber drivers are difficult to classify as “professional drivers;” many of the drivers work on a part-time basis in order to supplement their income from other forms of employment. However, for the purposes of this investigation, it was crucial to interview drivers who had been with Uber for no less than three months. We made every effort to locate individuals who had formerly driven for Uber, and left the app due to high levels of dissatisfaction. Unfortunately, the individuals we located who fit this description (who were identified via word of mouth from the current Uber drivers we interviewed) did not respond to our requests for an interview. As such, there is an inherent bias in the qualitative data we received from Uber drivers; the temporary nature of the position means that drivers who are dissatisfied with their experience tend to leave very quickly, and those who are currently working with Uber are doing so because they have been pleased with their experiences thus far.
4.3.1.1 Taxi Stockholm
Taxi Stockholm was founded in 1899 as “Stockholms Horse Carriage Association”, which eventually grew into the taxi service company it is today. At the time, the founders saw a window of opportunity in a relatively new invention, namely the telephone. A number of direct phones were positioned throughout the city, where horse carriages and cars could place themselves to pick up customers. Today, Taxi Stockholm is a cooperative including 880 taxi drivers as members with a joint switchboard and booking service, but with several different brands. In total, Taxi Stockholm has 4,500 drivers, 1,600 cars, two switchboards, and completes a total of 8 million rides annually. The vision is to be the leading choice for taxi services whereby outperforming competition in terms of availability, quality, and service for Stockholmers and their guests (Taxi Stockholm, 2016a).

4.3.1.2 Uber
Uber was launched in 2009 in San Francisco, California. Since its inception, Uber has expanded rapidly with the company currently operating in 58 countries and more than 200 cities globally. As of 2015 the company is valued at over 50 billion US dollars as of October 2015 (McAlone, 2015; Uber, 2016). In 2011, Uber decided to make its first venture outside of the US when they launched the service in Paris. In 2013 Uber launched in Sweden as Stockholm became Uber city number 24, with Gothenburg following suit shortly after and more recently Malmö and Uppsala also being launched. Throughout Sweden there are four different types of transportation available: UberLUX which is Uber's luxurious and most expensive alternative, using higher end cars such as BMW and Mercedes, with drivers being licensed taxi chauffeurs. The second most expensive is called UberBLACK, which utilizes standard higher end cars, operated by licensed drivers. Following the previous sequence is UberX, the most popular of Uber's offerings that involves smaller low-end cars with licensed drivers.

4.3.2 Respondents
The reason for interviewing drivers when looking at the consumers’ perceived risk was twofold. Firstly, it allowed us to form an unbiased picture of the risks evident in the different business models by asking them about their first hand knowledge, in terms of company policies, regulatory frameworks, insurance, training, and other associated factors. It also allowed us to understand if there exists a discrepancy between the risks that are evident according to the drivers together with the secondary information, and the consumers’ perception of risk. Due to Uber and ride sharing being a reasonably new phenomenon, there
has been a rapid growth in passengers getting in cars without a formal taxi license. There has been a lot of press surrounding the phenomenon and in particular taxi drivers being outraged with Uber and their drivers. They provide a company insight to why Uber is a potential danger to society in order to find a cheaper solution. Traditional taxi companies question the quality of drivers without a formal license, the background of drivers through being assessed briefly online and the problem with the sharing economy in regards to Uber drivers and the shifts they are able to do with limited company interaction. This made it important to gather driver opinions from both Uber and taxi companies in regards to their consumers due to their heightened knowledge on the industry, the new phenomena of Uber and the impact it could have on consumers. This will help us, in part, in answering the second research question: how do the prevalent antecedents exist to explain how the consumers risk perception differs?

In order to attain the drivers’ perspective on risk for both UberPOP and at traditional taxi companies we focused our attention to drivers that had extensive experience from their respective companies. Since Uber is a relatively new company, it proved more difficult to locate drivers with extensive experience, hence the average experience was merely a couple of years. For the traditional taxi drivers, the occupational experience ranged from 7 to 22 years.

In order to attain the customers’ risk perception, we chose to interview people who have had extensive experience from interaction and engagement with both Uber and traditional taxi companies in Stockholm. The interviewee selection followed a non-probability method, which is motivated by Saunders et al. (2012) to be suitable when the authors are conducting an investigation where the objective is focused on understanding a social phenomenon. Since we needed to find people who have had experiences from both types of companies, we initiated a search for friends, relatives, and colleagues with experiences from both traditional taxi companies and UberPOP. We focused our attention on the contacts that expressed an interest in the subject of the sharing economy, and its disruptive nature to the traditional business models. This was done in order to ensure a comprehension and quality towards the data and empirical findings.

We interviewed nine people, which included five males and four females, between the ages of 19 to 28 years. The ideal situation was to strive for a heterogeneous group with ranging ages and gender, however, we found it difficult to locate interviewees over the age of 30, and thus explaining the somewhat skewed distribution of the ages of interviewees. However,
since the aim of the study was not generalize the sample to a population and draw conclusions from this, the information on age and gender is merely displayed to allow the reader to gain some background information. The implications of this sample are primarily that we may have interviewed individuals who have limited experience with diverse forms of transportation services.

4.4 Units of analysis:
There are three groups that acted as the unit of analysis for this paper; namely the companies (Uber & Taxi Stockholm), the drivers of the two companies, and the passengers with experience from both actors.

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Usage</th>
<th>Interview type</th>
<th>Length</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Passengers</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Kajsa</td>
<td>UberPOP: Weekly</td>
<td>Individual phone interview</td>
<td>16 min</td>
</tr>
<tr>
<td>Arvid</td>
<td>UberPOP: 15-20</td>
<td>Individual phone interview</td>
<td>12 min</td>
</tr>
<tr>
<td>Sofia</td>
<td>UberPOP: 15-20</td>
<td>Individual phone interview</td>
<td>10 min</td>
</tr>
<tr>
<td>Rickard</td>
<td>UberPOP: 15-20</td>
<td>Individual interview</td>
<td>14 min</td>
</tr>
<tr>
<td>Philip</td>
<td>UberPOP: 10-15</td>
<td>Individual interview</td>
<td>13 min</td>
</tr>
<tr>
<td>Simon</td>
<td>UberPOP: 20-35</td>
<td>Individual phone interview</td>
<td>12 min</td>
</tr>
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<td>Individual phone interview</td>
<td>8 min</td>
</tr>
<tr>
<td>Jon</td>
<td>UberPOP: Regularly</td>
<td>Individual phone interview</td>
<td>10 min</td>
</tr>
<tr>
<td>Frida</td>
<td>UberPOP: 4</td>
<td>Individual phone interview</td>
<td>9 min</td>
</tr>
<tr>
<td>Respondents</td>
<td>Experience</td>
<td>Interview type</td>
<td>Length</td>
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<tr>
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<tr>
<td>Patrick UberPOP</td>
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<td>44 min</td>
</tr>
<tr>
<td>Adam UberPOP</td>
<td>1.5 years</td>
<td>Individual phone interview</td>
<td>41 min</td>
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<td>22 years</td>
<td>Individual phone interview</td>
<td>61 min</td>
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<tr>
<td>Mikael Taxi Stockholm</td>
<td>7 years</td>
<td>Individual phone interview</td>
<td>47 min</td>
</tr>
</tbody>
</table>

### 4.5 Interview guide:

Since all interviews were conducted in a semi-structured manner, there was a slight risk that the interviews would be hard to unify. However, the interview guide is a perfect means to pinpoint the overarching subjects of the interview.

Beyond the general information common denominators can be seen in two separate themes. Saunders et al. (2012) stress the importance of delivering an interview guide prior to the interview where the themes will act as a reinforcement of reliability and validity by enabling the interviewee to consider the topics and reflect upon these. The first theme concerned potential risk areas and safety whilst driving/riding in order to connect to the dimensions of perceived risk. The five dimensions stated in 3.3 and table 1 were used in order to generate questions that depict this thesis’ representation of perceived risk. The risk areas and safety part of the interview asks questions that embody each dimension, for example being in a driver’s car without a formal taxi license poses questions around performance and physical risks. The second theme concerned the knowledge of industry as well as trust, which was connected to the antecedents of perceived risk stated in section 3.4 of this paper. The antecedents of perceived risk discussed in 3.4 were knowledge and trust, to embody this section into the interview guide we constructed questions that would examine interviewees knowledge of the sharing economy, Uber and the traditional equivalent. Questions on trust focused on who to trust more, Uber who encapsulate sharing economy companies and rely more on interpersonal trust, or their counterparts in traditional taxis who rely more on
structural trust. These main thematic sections can be seen below, the full interview guide for further detail is available in Appendix I:

**Discussion areas for interviews**

1. **Risk areas and safety (Dimensions of perceived Risk)**
   a. Financial security
   b. Performance standards
   c. Physical safety
   d. Social status
   e. Privacy

2. **Knowledge and trust**

This interview guide was given to the interviewees in advance for a reason that was twofold. As mentioned, the most predominant was to ensure validity and reliability. But the interview guide can also be seen as a means for the interviewees to read up on the subject and provide the interview and us with supporting data (Saunders et al. 2012). The passengers were told in advance that the interview would last roughly 10-15 minutes whilst the driver interviews were more in depth. They were asked if they could answer questions for up to an hour as there were fewer drivers interviewed due to the increased knowledge on the subject allowing them to expand further on points.

The interviews were held in either Swedish or English depending on the preference indicated by the interviewees. However, the aim was to hold as many interviews as possible in English in order to minimize valuable information from being lost in translation. All of the interviews were conducted individually either in person or over the telephone. The interviews were recorded and transcribed to increase validity and credibility (Saunders et al, 2012).

**4.6 Limitations**

There is a risk that some information was omitted due to the choice of only not interviewing the companies, at the same time the secondary information together with the drivers provided us with the information we needed, some of what might have been missed out on if the choice had been to only interview the companies. All in all, we understand that it would have been interesting for the companies to vouch for their perspectives, but then again, the answers we would receive would most likely be highly predisposed.
When looking at the driver interviews, we understand that they may seem limited in amount. However, we believe that the questions asked to the drivers were mainly factually based thus additional rigor here would not lead to more relevance, since the answers given by the drivers were similar and easy to unify. The same goes with the amount of passenger interviews. The scope of this thesis did not allow for conclusions that can be objectively grounded. As such, the customer views should be seen as subjective in nature, as more interviews would have aggravated the extensiveness of this thesis. There were also time constraints on the thesis which limits the number of passengers we could interview. Ideally, we would have interviewed considerably more passengers and from multiple areas of the world where UberPOP is utilised in order to decrease locational bias, increase rigor and validity of the study. It is also important to mention that there are some methodological issues inherent in the comparison of UberPOP drivers with taxi drivers, as the former are independent operators and the latter are licensed professionals. However, as Uber positions itself as the direct competition to traditional taxi companies, this comparison is appropriate for the purposes of the current study.

Conducting this research in a qualitative manner has its own limitations regarding the validity and reliability of the study. Having semi structured interviews allows the research to be conversational, giving the interviewees more control of the content collected. It limits the amount of quality data gathered as it is a labour-intensive process to conduct and transcribe interviews. The more experienced researcher is likely to get more targeted and quality data as they have familiarity with the process and how to obtain it in this manner. Less experienced researchers are more likely to sway off topic and not get the quality data required. When it comes to drawing conclusions with qualitative data it can vary significantly amongst researchers as you cannot analyse the data mathematically and only by opinion and judgement. Individuals are likely to interpret the data with their own bias making the study unique, the same outcome would be unlikely reached if the study was done by another individual, which questions the reliability of the study.

Finally, the study was based on the taxi industry in Stockholm according to Swedish laws and regulations, therefore the results might not be relevant for other markets as it is market specific.
5. Empirical Findings:
The purpose of our study is to shed new light on the sharing economy by exploring consumers’ perception of risk and comparing it to that of traditional companies. The findings presented here are based on the semi-structured interviews with passengers and drivers, as well as secondary data on the companies’ policies, and their fit in the regulatory framework. Firstly, in order to display the different risk areas evident in the sharing economy, Section 5.1 will make use of the interviews conducted with the drivers together with collected secondary data. Secondly, in order to display the consumers perceived risk together with the effect of the antecedents, Section 5.2 will make use of the interviews conducted with the passengers.

5.1 Companies and drivers
5.1.1 Traditional taxis
The Swedish taxi industry is deregulated, meaning that taxi fares vary among companies and also vary dependent on time of day (SFS, 2012:211). It does not, however, vary dependent on the supply and demand of dispatched cars and drivers, which is different to Uber who have dynamic pricing. For Taxi Stockholm, to get a taxi you can either call to book a taxi via the switchboard, go to a taxi rank or hail a taxi out on the street. This is an operational risk that mainly falls on the drivers, since there can be periods of high supply but low demand. Ingvar (2016) states that 50% of the time, the car is in idle capacity. This idling practice is done in order to ensure that there always is a high supply of taxis on the streets.

Ingvar (2016) states that the physical risk is arguably the biggest risk to both the drivers and the passengers. Due to the fact the in their line of work they are always at risk of crashing given the amount of hours they spend behind the wheel per day. However, he states that there is solid knowledge from the drivers on the Swedish law regarding their responsibilities as taxi drivers, but also a comprehension on the insurance policies and guarantees and what exactly they cover in case of an accident. Ingvar states that it is up to the drivers to set up insurance on the car they are driving that cover the fixed costs. The insurance for taxi drivers includes a risk premium in order to account for the fact that the drivers have passengers in their car. The drivers also have business interruption insurance in the event that the car is idle for a longer period of time (Ingvar, 2016). This is echoed through the thorough policies regarding passenger and driver safety found on Taxi Stockholm’s website. This concerns the right to reimbursement when travelling with Taxi Stockholm and an injury occurs. This is dependent on what type of injury occurs and how the injury was inflicted. For both body injuries and
damages to goods when being transported by the taxi, the company follows (SFS, 1975:1410), meaning that compensation is given through a third party, namely insurance companies. This is done either through the insurance of the taxi vehicle or that of a separate vehicle involved in the accident. You also have the right to compensation from Taxi Stockholm if the damage is not covered by the insurance of the vehicle given that the injury was inflicted due to carelessness from Taxi Stockholm’s part. Taxi Stockholm only covers direct damages and not indirect damages, i.e. loss of income, earnings or profit, damage to third party, or other consequential loss. Altogether, all taxi vehicles that are connected to Taxi Stockholm is to a proper extent insured against damage to passengers and their property. In addition, Taxi Stockholm signed an indemnity for other types of damage to an adequate amount (Taxi Stockholm, 2016b).

In terms of ensuring a high quality in service and customer safety, Ingvar (2016) mentions three main processes that exist to establish these conditions. Firstly, in order to be recruited the driver is required to have a driver’s license and a taxi license. In order to test for the taxi license, the person in question must be at least 21 years old and have had their driver's license for 2 years. Entailed in this process are also a medical examination, and a professional knowledge test (SFS, 2012:211). On top of this, there is also a requirement from Taxi Stockholm that the applicant has a clean criminal record. Secondly, there is also training and testing from Taxi Stockholm in order to start driving. Ingvar (2016) states that “it is one of the tougher programs in Sweden” and that it takes roughly two weeks to complete. Out of 3000 drivers, approximately only 400-500 drivers complete this rigorous training. Mikael (2016) echoes this thought by stating how he himself also decided to undergo programs for learning about cardiac resurrection. They both mention how this stands to ensure a high quality and safety standard towards the customers, ultimately striving for a safer taxi industry. Lastly, there are also rigorous requirements on the car to not be older than six years (Ingvar, 2016), Mikael (2016) was unsure but said that the average is around four years. Ingvar (2016) states that “there is value in making the customer feel safe,” which is partly done through having modern cars from more premium brands such as Volvo, Mercedes, Volkswagen. The comfort the taxi drivers experience when driving will be reflected onto service and level of safety given to the passengers.

Mikael (2016) extends the thought on safety by explaining how all taxi drivers in Sweden have to log the hours behind the wheel in order to ensure healthy and alert drivers at all times.
As stated by SFS (1994:1297), drivers that use vehicles according to SFS (2012:211) must have had a daily rest period of at least eleven hours during the twenty-four hour period preceding any time when the driver is providing transport. The daily rest may be divided into two periods, of which one must be at least eight hours. Mikael (2016) also argues that during a seven-day period, the driver must have at least one period of thirty-six hour rest. These laws stand to ensure safety in traffic, and workers that are well rested, all in order to minimize risk.

5.1.2 Uber
There has been a constant debate since the existence of Uber whether their drivers are employees of Uber or a partner of Uber. Uber state that the service they supply “constitutes a technology platform that enables users of Uber's mobile applications or websites provided as part of the Services to arrange and schedule transportation and/or logistics services with third party providers of such services, including independent third party transportation providers and third party logistics providers under agreement with Uber or certain of Uber's affiliates”. Furthermore Uber states in bold in their legal section about their service: “You acknowledge that Uber does not provide transportation or logistics services or function as a transportation carrier” (Uber, 2016). In recent months, Uber has been battling drivers in court in the United States who seek employment status. The outcome ruled in Uber’s favour although Uber had to compensate financially in addition to changing how they discipline drivers (Lien, 2016)

When a ride is completed and a transaction between driver and passenger is completed, both the passenger and driver are given the opportunity to rate their counterpart on a scale from 1 to 5. This creates a system where both driver and passenger are motivated to act politely, give a good impression, and act professional during the ride in order to not damage their own reputation score (Uber, 2016). UberPOP differs from other Uber offerings in addition to the way taxis operate due to permitting private individuals without any commercial license to drive their own car and pick up individuals as passengers through the app. There are some requirements for drivers; they must hold a regular driver license of at least three years, have no criminal record and drive a car that is under ten years old. There are no meetings or interviews between Uber and their drivers but they must send a picture of themselves in addition to their car (Uber, 2016).

Patrick is an UberPOP driver in Stockholm who has been driving with Uber for roughly 8 months and drives mostly in the evenings and at the weekend, in addition to his other job.
Patrick stated he had completed “hundreds” of journeys for Uber. Adam is also an UberPOP driver in Stockholm who has been driving with Uber for just over a year and drives most evenings and weekends and also has another occupation. Adam did not state how many journeys he had completed, as he did not know an accurate but agreed it was in the hundreds. When asked whether he felt like an Uber employee Patrick stated that he felt more like a “franchisee.” “I work on my own hours…whenever I want, but I use their app and brand, so it is more like a franchise” (Patrick, 2016). Adam also stated that he wasn’t an Uber employee but was unsure on how to categorize it but suggested self-employed. “I am not sure what my position is. I am a driver for Uber but I know that I am not an Uber employee as I decide when I want to work. I guess a self-employed driver for Uber” (Adam, 2016). When asked about the process to become an UberPOP driver Patrick stated he had to go through a “simple application process…you need a driving license, no criminal record and a car that’s not older than 10 years old” (Patrick, 2016). Patrick added that he had to send a picture of his car and the registration number but there were no physical checks of the car. Adam stated a very similar statement to Patrick in regards to the process of how he became an UberPOP driver.

We then asked if there was any training or guidelines for being an UberPOP driver. Patrick specified that there were “basic guidelines” in the application form but in reality “you can just download the app and get in your car and start driving with no commercial license or training” (Patrick, 2016). Adam concurred, stating: “no there was no training to be a driver, you just have to meet the requirements that they set and then you can start driving” (Adam, 2016). The drivers were then asked about the process regarding an accident whilst they are driving for Uber. Both drivers have not experienced an accident whilst driving for Uber but concurred they are covered through their own insurance only but seemed unsure on what the process would be. Patrick (2016) discussed the process for customer disputes, explaining that the customer needs to get in touch with Uber in order to resolve it. They can do this through the app. He further explained that suggestions such as best route to take can be discussed in the car if the customer wishes to go another way. Adam (2016) explained that he would advise the customer on what to do through the app if they did have a complaint but there is nothing he can do due to no cash exchange for a refund.
In regards to the reputation system that Uber provides, both drivers found this a very useful tool for both themselves and passengers alike. Patrick (2016) explained “Yeah I think it helps it be more safe…I feel safer that they have found me through an app… I rate the customer and the customer rates me so if I meet someone who is unpleasant or threatening then I can give them the lowest rating and it will affect whether they can ride again”. Patrick explained that he didn’t notice any big risks being a driver apart from payment concerns in the beginning. However, he did state if you get stopped by the police “don't tell them you are driving for Uber. But I have never been stopped and I am not really worried about it, I would say I am driving a friend” (Patrick, 2016). Conversely, Adam stated he didn’t see any risks as being a driver and noted that it has been “a positive experience overall” driving UberPOP. Subsequent to this, the drivers gave their opinion on risks for passengers taking Uber. Patrick stated he didn’t see many risks for male passengers but has heard of occasions where females have been “been hit on by the drivers and they have asked for the girls’ phone numbers” Patrick (2016), but overall carries the same risk as a taxi service. Adam on the other hand deemed Uber as having less risk stating, “they know what time I am coming… the car I drive… what I look like and have seen my rating through the app. A normal taxi you take a risk not knowing anything about the person or the service they offer” (Adam, 2016). Both Patrick (2016) and Adam (2016) thought the prices of UberPOP were fair, whilst cheaper than getting a normal taxi. However they both noted complications with people cancelling or not being able to find customers, despite the app showing the location on the map. They are compensated and customers can be charged depending on the time frame of cancellation or not finding an individual. Patrick (2016) sees Uber as “good for the industry…taxi companies have to raise their quality.” Adam (2016) also sees UberPOP as positive for the industry but had some concerns stating “there are problems with regulations that might affect us UberPOP drivers…hopefully they make a situation where it works”. According to Patrick, quality of the service with UberPOP is all down to the driver and there are no service guides. Although he states a customer might be able to predetermine the quality due to the rating system in place. He also noted that playing a customer’s music through the Uber app is a good thing but the main service quality comes through good conversations with passengers. Adam (2016) also detailed the lack of a service guide and suggested it is all down to the rating system, “you can see each other’s names beforehand and whether they have a good score eases concerns”. He further stated due to knowing the name and destination beforehand created an easy conversation starter. As for the quality of the car, its cleanliness and other factors,
Patrick stated that only having the car younger than 10 years is in place but the cars’ cleanliness are never checked, however “it would affect your rating if the level was bad” Patrick (2016). Adam’s sentiments echoed Patrick’s and suggested if you want to be a driver your car should be clean as that is part of the service you are providing.

Finally, if the customer doesn’t agree or like the service then both drivers stated that they are able to get a refund through Uber if they have a legitimate reason. Additionally, Patrick (2016) stated “Also if you give a driver a 1 rating out of 5 then Uber will contact you to understand why you gave this rating and that everything is fine and tries to figure out if something went wrong.”

5.2 Passengers
In order to easily display the results from the interviewees, the following section has been divided into both the dimensions of perceived risks as well as the antecedents of perceived risk.

5.2.1 Perceived risk
5.2.1.1 Financial risk
The financial risk for Uber is generally perceived as higher in traditional taxis, for two specific reasons: dealing with cash and uncertainty about comparative prices. Frida explains when planning a journey she will use Uber because “it is cheaper than a taxi”. The customers do not consider the dynamic pricing at Uber a financial risk. The financial risk regarding pricing is generally perceived higher at traditional taxis in comparison to Uber. As Kajsa states, “I can track my journey and I have knowledge of how much it will cost prior to departure”. Conversely, although deemed cheaper than traditional taxi companies, a number of respondents had concerns that the end price of the journey may differ from the suggested price that is offered by the app before the journey begins with Simon stating, “yes… I have experienced it with Uber”. Clara added a similar statement saying, “Yes occasionally but it is usually within the suggested price range”. On the contrary, Sofia stated, “I trust Uber will stick to the agreed price.” Additionally, Sofia mentioned she was eased by Uber's “electronic payment. No cash exchange or arguing over the rate”. Philip noted that, with Uber, he can see what the price is going to be whereas with a taxi he doesn’t know about the price. However, he states: “with traditional taxis I never know (the price), and I don’t care”. Rickard echoed these sentiments stating, “you don’t know the end price” in a taxi and it is down to the taximeter. He further stated “the overall feeling I think is definitely negative towards that
kind of service” in regards to taxi pricing, concluding that knowing the end price beforehand is an “important factor” before making a decision. Arvid ascertained that he had no worries in regards to the suggested price by Uber while he was worried the suggested price with traditional taxi companies might differ in actuality.

5.2.1.2 Performance risk
In regards to performance risks, there were no major differences between both Uber and a regular taxi company. When reviewing the driving levels of drivers for both, Simon stated he had not recalled any bad driving experiences or anybody breaking the law while driving. Jon had a similar view on the situation, placing the level of performance down to the individual driving and not the company. Jon stated “you’re never 100% sure as it depends on the individual driver”. Arvid furthered these sentiments by stating “I think the risk of a driver not driving the vehicle according to laws are equal in the both cases”. Despite this, Arvid recalled of occasions where traditional taxis drove above the speed limit stating “the driver had a really high speed (140-180 km/h)”. Sofia had the opinion that she perceived Uber as having a higher level quality of performance “more so with it being a corporate company rather than as small local business. If Uber drivers were performing badly you would see news articles about them. I can also rate their performance in the app if it is bad which helps”.

Rickard noted that having a commercial license for driving a taxi should be an essential performance factor that would enhance somebody's trust when getting into a car. But due to his personal experiences with both he did not feel that this was a factor for himself stating “but for me, I would rather say that just the feeling I get of how the driver drives. I think that if I would have a problem with how the driver is driving, I could easily tell him so, but as I rarely have those kind of feelings, I rarely do, because overall I feel safe”.

5.2.1.3 Physical risk
Overall, the passengers do not perceive the physical risks as high in either company. Simon mentions how Uber is “like riding your own car, so no fear of my safety”. He extends this thought by stating how “Uber is a worldwide company and if something would happen [...] it will give them bad reputation and it will be critical.” This is echoed by Frida who mentions that “the Uber brand make me feel like they vet and check their drivers properly before employing them.” Jon deems that riding with Uber gives him a sense of safety due to the application stating “I like the fact that journeys are monitored in the app”. Sofia also felt safer
due to the monitoring system of the app stating “I feel safer with an Uber driver due to no cash exchange and also the fact that the route is tracked through the app also you can see when the driver goes off route”. Philip makes the point that although he doesn’t feel unsafe with both taxis and Uber he does state that he likes to check the Uber app so that he can see the picture of the driver to make sure that it matches the driver when they arrive. In regards to UberPOP drivers not having a commercial license Rickard states that he “doesn’t have a problem with it” and that it is not really something that he reflects on. Although he notes that he understands how it might be a concern for others. Philip makes a similar point to this stating “if you have a driver's license you know how to handle a car.” In regards to taxi services in Stockholm, Simon commented, “traditional taxi companies in Stockholm have a bad reputation.” Kajsa stated that she had bad experiences with both UberPOP and Taxi Stockholm and stated, “I don’t like being in cabs alone, in any cab”. She then further explained this statement by saying “I feel more calm when I’m with Uber drivers because they talk to you more. The ones that I felt most threatened by were Uber drivers as well, and the ones that were the best were Uber drivers, so it depends. At Taxi Stockholm once I had a driver that was really creepy. My feeling of safety is when I have my phone on me, which I do in an Uber. Otherwise being able to see the person's name and their face. I don't know it’s hard to say what increases my feeling of safety.” Arvid suggested his physical safety had been at risk when riding in a taxi as he stated “there were incidents during the ride that could have meant a crash”.

5.2.1.4 Social risk
The respondents overall did not feel social stigma attached to either method of transport and that it did not affect their social status. When talking about Uber, Frida stated that Uber is “an acceptable social method of grabbing a taxi”, whilst Sofia stated, “no, I don’t think it has any relevance to social status”. Some respondents did feel that Uber had a positive effect in regards to their social status with Philip stating, “Uber is cool, it’s cool to use Uber. I think that from a social aspect, if you don’t ride with Uber, you waste money.” In addition to this Kajsa added “there’s definitely a hype about Uber”. Although she had no negative stigma towards taking a taxi Kajsa also states if “you get scammed by a traditional taxi, people kind of scoff and say, why didn’t you just take an Uber”. Rickard adds to this sentiment by stating “I would say that riding with Uber probably gives people a feeling of just general smartness, because I think it's disruptive technology that is very smart”. In addition to this Clara adds that: “most people I know use Uber therefore wouldn’t damage my social status either way”.

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Simon and Arvid both stated that this is something that had never crossed their mind with Arvid stating “I see it as a service to move from A to B, that is easy to use and cheap. The social status aspect has never been in my mind”. Simon however added using a taxi company might be seen as negative because “the regular taxi companies in Stockholm have a bad reputation”.

5.2.1.5 Privacy risk
When looking at privacy concerns between Uber and traditional taxi companies, consumers with Uber have to provide their name, location and phone number through the application whilst with a traditional taxi company this is not necessary. The consumers that were interviewed overall had a positive attitude towards giving out their information through the app with all of the consumers stating that they have no problem with providing their personal details through Uber. Philip states that he has no problem as it is a safety aspect with the application. He states that “because Uber and the driver has my information and I have his/hers. But with the traditional taxis they have my number, but I don’t have theirs”. He also discussed how he checks the app to see if the driver is the correct person via the picture. Sofia added to this by explaining that this isn’t anything new as “information is shared by the likes of Apple and through other apps anyway”. Clara also commented on the repeat behaviour of sharing her private information stating “yes, I have done it many time”.

5.3 Antecedents of perceived risk
5.3.1 Knowledge
The passengers are generally lacking knowledge on the regulatory framework surrounding both taxis and UberPOP but still mention that they have reflected upon the safety nets. None of the interviewees had sufficient knowledge on the insurance policies set forward by either Taxi Stockholm or Uber. Sofia (2016) emphasizes that she is unaware of where to look for this information as it is not advertised clearly when using either services. Simon argues that due to the fact that he has not been in an accident he is unsure of the policies that would come in place in the event of an accident. On the question of his views on the insurance and policies for Uber, he states, “I think that a big company like Uber would handle it well.” Philip echoes this thought and argues that he has “never been in such a situation so I don’t know what would happen.”
Most of the passengers trust the companies to do the right thing in the aftermath of any event. Jon argues that he trusts a big company to do the right thing if an accident occurs. He states, “I have read news stories of when Uber has compensated customers on journeys where the driver took the long way round”. Similarly, Rickard raises the question of whether or not his personal insurance, “olycksfallsförsäkring”, would cover any costs and concludes that he does not know; “I have no idea if it covers taxi trips or not, either with normal taxis or with Uber.”

Arvid is able to establish a difference between UberPOP and traditional taxis and is under the impression that “traditional taxis are under clearer and more well-known laws and insurance”, but emphasizes the fact that this is just a guess.

5.3.2 Trust
In terms of trust, the passengers seem to deem UberPOP as a more trustworthy service in comparison to traditional taxis. The fact that the communication is app-based to a great extent with an integrated reputation system is an important factor since it acts to increase their trust and feelings of safety. Simon thinks highly of this feature not only because he gets an idea of how qualified his driver is but also the fact that “you can see how the drivers feel about you as a consumer”. Extending on this thought, Rickard believes with the traditional taxis you lose some security since you can just hail a cab on the street without knowing much about him/her, he therefore argues that Uber is more trustworthy since the ratings system acts to provide feelings of safety and trust. Despite the fact that the reputation plays an important role in creating trust, the majority of the interviewees said that they would ride with a driver who has not yet been rated, Simon explains how “everyone is new at their job at some time”.

As mentioned in the previous section, the fact that the car and driver can be tracked through the app mitigates both Kajsa and Philip’s perception of performance risks and physical risks. In addition, Kajsa argues that this feature makes her “feel more trust towards Uber,” especially when using UberPOP. Clara argues that her trust towards either side of the spectrum is indifferent; on the topic of trust she mentions, “Uber and other taxi companies are much the same. Uber just happens to be cheaper.”

For UberPOP, reputation amongst friends is key in order to for there to be a trusting relationship between passenger and driver. Kajsa emphasizes that her trust in Uber stems
from the fact that “everybody is using it” and explains how if an accident can happen in an Uber, it can also happen in a taxi. In continuation she asserts, “you never feel 100% safe in a car with somebody you don’t know”. In line with this, Sofia claims that the reputational risk to not provide good service is too high for Uber/Taxis and therefore she “assume(s) the reputational risk would insure that I receive good service”. Philip argues that an additional assurance to this problem is transparency from the driver, he mentions that “I trust the driver if he talks to me, says hello, and drives carefully”, nothing less and nothing more.

As an outlying comment, Arvid says that “if there are clear limitations of how many hours per day a driver is allowed to drive, that would increase my trust. I think tiredness is the number one factor in terms of risk of accident”, pointing at how the regulations regarding the number of hours behind the wheel is an important factor in order to increase towards the drivers and associated company.
6. Analysis

6.1 Perceived risks

6.1.1 Financial Risk

In regards to financial risk, it is with traditional taxi companies where consumers see risks with all passengers noting that Uber being cheaper as a source of motivation for using them. The financial risks at Uber are thus considered lower in part due to the cheaper price. With UberPOP the drivers said that they paid a regular insurance whereas the drivers from Taxi Stockholm said that they paid a hefty risk premium on their insurance in order to account for the fact that they use their vehicles for transportation purposes. In addition to this, they only become an Uber driver once they turn on the application. Because of these reasons Uber are able to charge a cheaper fare in comparison to traditional taxi companies. One of the key components of Uber’s operations that makes them perceived as less risky financially is that the price range is determined beforehand through the app’s algorithm that works out the price by the journey a user enters. The user then has to agree on this price before the driver makes his way to pick up the passenger. Zhang et al. (2012) argue that the potential financial loss due to fraud should be included in the definition of financial risk; a driver that goes off route would be included in that definition. In the data that we collected, we were not able to ascertain any sense on the part of the customers that they were taking a major financial risk; after all, as some of the respondents themselves mentioned, Uber is quite responsive about dealing with claims of excessive charges, and refunds the money promptly. The literature summarised financial risk as the “possibility of monetary loss” when using a good or service. Due to the passengers we interviewed all having postitive experiences with UberPOP it is difficult for them to see it as a financial risk, despite the new concept of the sharing economy and paying for journeys through an app, it might only take one negative experience in this new industry for opinions to change.

6.1.2 Performance risk

When viewing performance risk, Jarvenpaa & Todd (1966) state that it looks at whether the product or service meets the consumer’s requirements; while Lim (2003) took the stance that it views whether the product or service worked properly. In the case of UberPOP we expected a varied perceived performance quality due to the unknown skill levels of drivers in comparison to taxi drivers who meet a certain legal requirement. When analysing the customer interviews it is clear that the passengers did not distinguish any performance risks
between riding with UberPOP or a traditional taxi company. This was quite surprising considering the taxi drivers drive as a profession whilst an Uber driver does not need any formal license or pass any additional driving tests. Ingvar (2016) states that there is solid knowledge from the drivers on the Swedish law regarding the responsibilities as taxi drivers. In addition to the extensive testing they have to go through to become a taxi driver. Both Adam and Patrick rely on their own skills generated before driving for Uber in order to meet the performance requirements of customers. However, as the Uber Corporation matures in Sweden, it may well be the case that the perceived performance risk will increase. As the number of Uber drivers increases, so too will the probability of Uber-related accidents, and their subsequent mention in the news media, and this will likely increase the sense of performance risk on the part of passengers. The passage of time will likely witness an increase in the perception of performance-related risk related to UberPOP.

6.1.3 Physical risk
According to Lim (2003) the perceived physical risk surrounds the “possibility that products are harmful to individuals’ health.” For UberPOP and Taxi companies it involves the potential physical harm to passengers when engaging in a journey from A to B, be it physical from driver to passenger or through a road accident. The perceived physical risks were apparent within both Uber and traditional taxi companies. Kajsa stated that she had bad experiences with both UberPOP and Taxi Stockholm and stated; “I don’t like being in cabs alone, in any cab”. Although nobody stated that they felt physical risks were more prevalent in traditional taxi companies, they however did state that mechanisms within Uber did make them feel increased trust and less risky. From a driver and company perspective, Ingvar and Mikael discussed the processes in place in order to make a passenger feel safe, such as thorough insurance measures and training, which UberPOP drivers do not have. Additionally, the car for Taxi Stockholm had to be less than six years old in comparison to ten years for Uber. Thus, the objective level of physical risk is much higher with UberPOP. However, the customers with whom we spoke do not perceive this as being a great risk at all. Indeed, the fact that they are riding in a personal vehicle that is very much like their own seems to have a tremendous impact on their perception of risk; the experience of riding in an UberPOP car is similar to multiple past experiences riding in passenger vehicles, and so the Uber experience feels much safer to the respondents which is surprising and contradicts the literature. The possibility of physical risk getting into an unlicensed car with a driver having no formal training would likely be higher than a professional driver meeting legal requirements and
checks. In regard to commercial licenses, Philip stated: “I think that if you have a driver's license you know how to handle a car” whilst Rickard added “I don’t have a problem with it, with them not having a taxi license. I guess some people would consider it a risk factor based on just personal reflections, but me, no.” The use of UberPOP’s app features and the trust in these large sharing economy companies is enough to convince passengers otherwise.

6.1.4 Social Risk
Social risk refers to the “individual’s’ perception of other people regarding their [...] (purchasing) behaviour” (Lim, 2003). Zhang et al. (2012) extend the above definition by arguing how the social status within the individual’s group of friends when purchasing a product or service might be diminished, and lead to the individual looking foolish and unpopular as a result. The passenger respondents overall did not feel social stigma attached to either method of transport and that it did not affect their social status. When talking about Uber, Frida stated that Uber is “an acceptable social method of grabbing a taxi”, whilst Sofia stated; “no, I don’t think it has any relevance to social status”. Some respondents did feel that Uber had a positive effect concerning their social status with Philip stating; “Uber is cool, it’s cool to use Uber. I think that from a social aspect, if you don’t ride with Uber, you waste money.” In addition to this Kajsa added, “there’s definitely a hype about Uber”. Although there was no social risk attached to either mode of transportation, there seemed to be a social gain attached to taking an Uber. This came as no surprise with large sharing economy companies rise in popularity through trendy new apps and social media marketing methods that appeal highly to today’s youth. There is no phone operator to talk to and you can split payment through passengers on the app so it is easy to ride with friends. There is the potential to be at a higher social risk getting a taxi and seeming behind on current trends.

6.1.5 Privacy Risk
Perceived privacy risk views the consumers’ awareness of how the product or service may lead to a loss of privacy. Zhang et al. (2012) explain how it surrounds the loss of control over personal information “when the information is used without permission.” There are more concerns regarding privacy when it comes to Uber since consumers must provide their name, location and phone number through the app in order to use the service. In a traditional taxi company, you can get in the car without giving your name if you wish so it is more private concerning personal information. When the passengers were questioned on this it seems that in today’s society where information is increasingly shared, customers had a positive attitude
towards sharing their information. Sofia (2016) suggests that this isn’t anything new as “information is shared by the likes of Apple and through other apps anyway” whilst Phillip (2016) claims it is no problem due to this being a safety concern; “because Uber and the driver has my information and I have his/hers. But with the traditional taxis they have my number but I don’t have theirs.” So, Phillip was more comfortable with sharing his information as he also gets the information about the driver too. However, as Uber becomes more common in Sweden, it will be more likely that problems related to identity theft and other privacy concerns will become more common, and Uber will be perceived as having a higher level of privacy risk.

6.2 Antecedents of perceived risk

6.2.1 Knowledge

When it comes to Taxi Stockholm they are reliant on knowledgeable customers when purchasing their service over the likes of Uber or other sharing economy companies. Thom (2007) suggests when the consumer has accurate knowledge about a product or service then they will feel more at ease and perceive less risk. For example Ingvar (2016) explains how Taxi Stockholm drivers have solid knowledge of the Swedish law regarding the responsibilities as taxi drivers, but also a comprehension on the insurance policies and guarantees and what exactly they cover in case of an accident. This is knowledge that Uber drivers do not seem to have. Both Patrick and Adam (2016) were unsure about what happens in the case of an accident with Patrick stating “the customer needs to get in touch with Uber in order to resolve it.” However, when it comes to the consumers, the passengers are generally lacking knowledge in these key areas for both types of transportation. This links to Park et al. (1994) who discuss objective knowledge of consumers, which looks into the accurate amount of information that might be stored in a person’s memory. In regards to the consumers in this instance, a lack of objective knowledge may deem them to see Uber drivers as more knowledgeable in this area as they might have a better infrastructure due to being a large corporation when in reality it seems that drivers for Taxi Stockholm have a better infrastructure for dealing with incidents.

Cognition based knowledge on an organization or service is when a consumer uses observations and their own perceptions from data or information. The accuracy of this consumer knowledge determines the consumer’s consumer IQ. Elevated consumer IQ is a
mechanism that can alleviate uncertainty and risk as the accurate, current and relevant information provides enough for the consumer to make an informed transaction with the entity (Miranda & Saunders, 2003). Taxi Stockholm has policies regarding passenger and driver safety found on their website. This concerns the right to reimbursement when travelling with Taxi Stockholm and any injury occurs. This is dependent on what type of injury occurs and how the injury was inflicted (Taxi Stockholm, 2016b). Although the majority of passengers interviewed were unaware about the information for taxi companies, not all were unaware with Arvid stating; “traditional taxis are under clearer and more well known laws and insurance,” demonstrating a higher level of consumer IQ in this instance. Uber is a large corporation, and this means there is more information and data available on the company and their service. However, the accuracy of this data is harder to determine with Uber due to the numerous sources available. The passenger respondents seemed to have general knowledge about Uber, how the application works and that Uber is a large international organization. However the passengers knew very little about procedures or what has taken place before an Uber driver comes to pick them up. Jon (2016) states “surely they have to go through some checks to get the job in the first place so should be ok” in regards to getting in a car with a driver who is yet to be rated.

Affect based knowledge is when a consumer gains knowledge about a company and their products or services from other sources. The reputation of the selling party being positive is another key factor that helps to reduce risk in addition to promoting trust because it affirms the company has previously met consumer expectations (Antony et al., 2006; Resnick et al., 2000). From the findings, it seems that customers don’t give Taxi Stockholm a higher regard than other taxi companies in Stockholm or in comparison to Uber. Simon stated that “traditional taxi companies in Stockholm have a bad reputation,” showing that he does not distinguish reputations between the different traditional taxi companies available. Furthermore, Philip states that “Uber is cool, it’s cool to use Uber.” Uber is a large corporation and is constantly in the media, two factors which may have led to this popularization, despite the ins and outs of how they operate being relatively unknown by the consumers. The consumers like the convenience and the fact that it is all done through an app which is cool to discuss with friends. Passenger influence from other sources is likely to fluctuate more with Uber as scandals consistently break revolving the company. Due to being
a global company, scandals anywhere in the world can directly affect Uber as a whole and influence consumer purchasing behaviour as they become more risk averse.

Uber flourishes through affect based knowledge in regard to reducing perceived risk and building trust. The fact that it is based on app influences this greatly as not only can people rate apps, they can recommend them to friends. In addition to being a new form of getting from A to B, consumers usually create a buzz around new technologies. The buzz created by consumers and more importantly the media has what made Uber so popular, it is discussed and used by so many people that this in itself is a reason to use the service. Jon explains “the fact that many friends use it on a regular basis with little complaint” eases trust issues when using Uber.

Experience based knowledge is another way that Taxi Stockholm wants to capitalise on consumers. Experience based knowledge comes from experiencing a company’s product or service. Familiarity with a company is a prerequisite of trust for consumers as it helps the consumer understand the organization’s actions and trust their future actions (Gefen, 2000). Conversely, consumers are unlikely to return to an organization where they had an unfavourable experience. The intense training that was discussed by Ingvar and Mikael (2016) with going the extra mile by undergoing programmes to learn about cardiac resurrection lead them to believe they are offering a high quality and safe service for customers. Uber, on the other hand, has a rating system in place through the app that allows both the driver and customer to rate each other. The customer’s opinion on quality did not seem to affect their decision to choose Uber or a traditional taxi service on the whole, but they did state that having the rating system in place did increase their sense of trust and safety. In addition to this, Sofia states: “I can also rate their performance in the app if it is bad which helps.” Therefore, consumers get a sense that they are ensuring the quality of the service. As Patrick discussed, a low rating for himself as driver would reflect negatively on himself whilst a really low score would prompt Uber to get in contact with you to discuss what happened so they can review it. From what the drivers for both companies stated, it seems to be much easier to become an Uber driver as the requirements are very basic and the process is quick. However, given that the sample size was quite small, it is difficult to ascertain if this means that Uber drivers actually provide similar quality to that of traditional taxi services. Once again, this perception of risk may well change as UberPOP becomes more
prevalent in Sweden, and customers begin to accrue and report a high number of negative experiences with Uber drivers.

6.2.2 Trust
When looking at the case of traditional taxis, from the interviews with the drivers together with the secondary information gathered from Swedish Law (SFS 2012:211; SFS 1994:1297; SFS 1975:1410), Taxi Stockholm’s website with associated regulations (Taxi Stockholm, 2016b), and insurance policies (Ingvar, 2016; Mikael, 2016), it becomes evident that there are many compliances and rigorous measures in place in order to minimize risk for all stakeholders; the company, the drivers, and the passengers alike. It is understood that these processes play a key role in creating transparency and, ultimately, trustworthiness. These factors can be linked to McKnight & Chervany (1996), who argue that in order for any organization to be seen as trustworthy in the eyes of the consumer, the structural assurances including contracts, guarantees or regulations have to be rigid. This is something that is confirmed by one of the passengers “traditional taxis are under clearer and more well-known laws and insurance” which in turn lead to his trustworthiness towards the taxi companies being increased (Arvid, 2016). However, this was a lone answer, and despite these structural assurances, the majority of the passengers do not mention how insurance, compliance, and regulation lead to them having an increased sense of trust. Indeed, the majority of transportation service users do not take issues of insurance, compliance, and regulation into account when they are making a decision as to which service they should use. It should be noted that the typical Uber user does not become dependent on the service for their routine transportation needs, and only uses these services on certain occasions, such as when they are too inebriated to drive themselves, or they are heading to a location where the parking fees are especially steep. Few, if any, Uber passengers make a serious investigation into the company prior to ordering a ride; often, these decisions are made on the spur of the moment.

Ingvar (2016) mentioned three main processes of how Taxi Stockholm is increasing quality and safety in the hope of creating a more trustworthy relationship with the passengers. Firstly, there are thorough requirements on whom they hire, the driver must have had a driver's license for a minimum of two years and he/she must be 21 years of age, and he/she must perform a medical- and knowledge examination. Secondly, there is continuous training of all the drivers. Thirdly, there are rigorous requirements on the car to be both modern and safe. These controls can be seen as structural safeguards in hope of situational normality as
advocated by McKnight & Chervany (1996) in order to create trust. These quality controls can therefore be seen as efforts to make the passengers deem the situation as recognizable and familiar to previous experience in order to reduce perceived risk and create trust. However, the passengers did not mention these factors as important for building trust, but instead focused on other factors of importance when establishing trust. Merely one interviewee, Arvid, argued that the amount of hours behind the wheel was an important trust mechanism. He stated; “if there is clear limitations of how many hours per day a driver are allowed to drive, that would increase my trust”. This is in fact a characteristic of situational normality that the driver Mikael (2016) also highlighted as important quality mechanism in order to ensure healthy and alert drivers at all times and complying to SFS (1994:1297), all in all a component of what creates a relationship built on structural trust.

In stark contrast to Taxi Stockholm’s drivers, the UberPOP drivers mainly mentioned how the app-based system with everything that it entails is their main tool in establishing trust with the passengers. This thought can be linked to the very definition of trust given by Bradach and Eccles (1989), where trust is “a type of expectation that alleviates the fear that one’s exchange partner will act opportunistically”. This is one of the reasons why the passengers tend to praise Uber and aim suspicion towards traditional taxis. Rickard argues how with traditional taxis you lose some security since you can just hail a cab on the street without knowing much about him/her, he therefore argues that Uber is more trustworthy since the ratings system acts to provide feelings of safety and trust. According to Slovic et al. (2002) “If their feelings toward an event are positive, they are moved toward judging the risks as low and the benefits as high; and vice versa, if their feelings toward it are negative, they tend to judge the opposite—high risk and low benefit.” meaning that the feelings towards a brand could in turn skew the results and block the passengers from providing a more objective picture.

Overall, in contrast to Uber, traditional taxis have good measures in place in order to establish structural trust, however, consumer knowledge on the service and industry in general is essential for this trust to become established.
7. Discussion
Based on the results from the interviews together with the information gathered from secondary data, it became evident that there are differences in risk perception between UberPOP and traditional taxis. It also became evident that the antecedents have different effects on determining how risks are perceived between the two cases. Following are our views on the situation in relation to the empirical findings.

Although the drivers’ description of the industry together with the secondary information point at Uber having more risk areas. Interestingly, the consumers do not perceive UberPOP as having a high level of perceived risk despite the lack of regulatory frameworks and insurance policies being considerably better at traditional taxi companies. However, the interviewees were unaware of this knowledge, thus leading them to focus on simply trusting Uber instead. The affect heuristic together with the lack of knowledge at hand might explain why the perception of risk between the two different ends of the “transportation spectrum” do not differ to such a great extent and how the interpersonal trust mechanisms more visible at Uber leads to the interviewees generally favoring UberPOP instead of traditional taxis. As stated by Anthony and Xu (2006) “in the absence of first-hand knowledge about the seller, the reputation of the seller becomes an important factor for decision-making”, meaning that the passengers perception of “goodness” associated towards the Uber brand acts as the most predominant factor in determining the consumer behaviour since the passengers obvious absence of knowledge on policies and regulations is present.

In addition to this, of course, the attributes of price, ease of use, availability, may also play a role in their behaviour. There might be a trade-off between the above factors and the perceived risk, where the risk propensity increases as a result of the attributes at UberPOP being favorable. This trade-off is most certainly understood from the perspective of Uber, and is a part of their strategy. As discussed by Forlani et al. (2002), the risk propensity of the consumer is an essential factor for companies to take in order to assess how they can implement risk-reducing strategies as this impacts consumer behavioural choice and can reduce the perceived level of risk. Therefore, the passengers’ trade-off between risks and attributes becomes important in explaining “how likely they are to interact or not interact with the organization after weighing up if it is worth taking the risks that they acknowledge”
(Sharma et al., 2009). Consequently, the fact that the attributes were favorable might have been weighed into the equation thus leading to this somewhat surprising result.

8. Conclusion
The study focused on shining new light on the sharing economy by exploring consumers’ perception of risk and comparing it to that of traditional companies. Previous attention in popular media and academic research has focused on the risk evident in the sharing economy and the user values and drivers leading to an engagement in this disruptive business model. The current study has shifted focus and looked at how the consumers’ perceive the risk in the sharing economy to that of traditional economy companies. Through this approach, it was also evident what antecedents come in effect when the consumers determine the risk perception in this comparative study.

The research questions sought out to explore how the consumer’s perceived risk differed between sharing economy companies to that of traditional companies, and how the prevalent antecedents exist to explain any differences. Interestingly, our research shows that, although slight, the perceived risks towards traditional companies were slightly higher in comparison to sharing economy companies. This is especially true when looking at financial risks and performance risks. The antecedents that exist to explain this are both trust and knowledge, where the consumers’ interpersonal trust towards the sharing economy companies together with their lack of cognition based knowledge of traditional companies led to an ultimate favouring and decrease risk perception to the likes of Uber.

9. Contributions
We believe that sharing economy companies are here to stay and that regulatory frameworks will have to be adapt to this new type of business model in order to mitigate the risks that consumers take on. Our study might have been narrow, but we hope that it will offer a perspective on consumers’ risk perception and the reasons behind this perception in the taxi industry in Stockholm. We hope to see further research on consumer risk perception applied to other industries and geographical locations in the sharing economy, this will be interesting to establish if there are any resemblances to our results.
References:


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Appendix I – Interview guide:

Passengers:

General transportation usage information:

How many times have you used UberPOP/Traditional Taxis, and in what capacity?

Why and when do you use the different companies and services?

Risk areas and safety: Perceived risks

Are you worried that the actual price might differ from the suggested price at either UberPOP/traditional taxis? (Financial risk)

Do you ever feel unsafe when riding with UberPOP/traditional taxis? What increases your feeling of safety? (Physical risk)

Do you feel that the car that you are riding with holds sufficient safety standards with UberPOP/traditional taxis? (Physical risk)

Do you feel assured that the driver you are riding with will drive the vehicle according to traffic laws in both cases? (Physical risk & performance risk)

Are you content with giving your personal information away through the Uber app? i.e. phone number, location etc. (Privacy risk)

Do you feel that riding with Uber may damage your social status, or not riding with Uber may damage your social status? (Social risk)

Knowledge & Trust: Antecedents of perceived risk:

Are you aware of how you are compensated if something were to happen during your journey with UberPOP/traditional taxis, i.e. damaged goods, loss of profit, time loss, and damage to your personal health? (Knowledge)

How is the trust towards UberPOP increased? How is the trust towards traditional taxis increased? (Trust)

Are there certain Uber/traditional taxis standard practices or policies that increase your trust in Uber? (Trust)

Are there certain features of the Uber community as whole that, to you, make it more trustworthy? (Trust)

Does the rating system increase your sense of trust, or even sense of safety? (Trust)
Would you ride with a driver who has not yet been rated by other users? Why or why not? (Trust)

Drivers:

General background:

How long have you been a driver with Uber/Taxi Stockholm?

Do you see yourself as a Uber/Taxi Stockholm employee or self-employed?

Risk areas and safety:

What risks do you see as a driver?

What risks do you believe the passengers might have when taking an Uber?

Knowledge and trust: Antecedents of perceived risk

How was the recruitment process designed?
- What criteria did you have to meet?
- What criteria did your car have to meet?
- Was there any training? If so, how extensive was this training?

In the case of an accident (such as a collision) whilst driving with a customer, what is the process involved?
- How are you insured/how is the customer insured?

If there is a dispute with a customer (route taken/price), how is this dispute resolved?

Do you feel that the prices of Uber/Taxi Stockholm are fair?

How do you ensure a quality service? Are there any guidelines to follow?

Can people receive a refund if they did not like the service?