

# RUNNING A BUSINESS BASED ON TRUST

EXPLORING GIFT-ORIENTED BUSINESS MODELS IN PRACTICE

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## **Abstract**

Running a business based on the principles of our well-known market economy is not the only way to have success. Gift-oriented businesses in the hospitality industry are running on humanistic values rather than financial ones. They base their business on trust and let both employees and customers participate rather than controlling them with rules and regulations. They are working with participatory pricing, whereby they let their customers decide what they want to pay. The aim of this research is to investigate how these businesses based on participatory pricing are working in relation with both the market and the gift economy. Relationship marketing offers a framework from a perspective of the market economy. Three different case studies have been done to collect data. The findings suggest that the way these businesses are operating is very unusual and is not in line with the principles of the market economy. They are more likely to be seen as part of the gift economy whereby their unconditional gift-exchange forms a foundation for building communities rather than the maximisation of profit. They show that it is possible to operate in interaction with the market economy, from a gift economies' perspective. This study provides an insight for the possible future of relationship management as well as suggestions for a gift-oriented business model based on trust.

**Keywords:** Gift economy, market economy, economic models, gift businesses, relationship marketing, embeddedness, business model

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#### 1 Introduction

We are living in an economy where the market regulates the production of goods and services and the prices that should be paid in return. Since neoclassic microeconomics are seen as the standard way to view our current economy (Rehn, 2001), focusing on the determination of prices and income distributions in markets is seen as normal (Campus, 1987). The norm is to maximize utility and profit and to make rational choices (Campus, 1987). Exchanges are planned and strive towards having a balance (Rehn, 2001).

Economy seems to begin when we have something to control (Rehn, 2001). We are establishing prices, calculate costs and strive for personal benefit. The market economy nowadays can even be seen as 'market society', since all the questions we have can be formulated trough an economic model, which leads society to become intellectualized and manageable (Rehn, 2001). The market votes, makes decisions and contains the fountain of knowledge from which justice and liberty for all can be obtained (Frank, 2000). The idea that someone today is referring to anything besides the market when discussing economy is seen as more or less ludicrous. Back in 2001 capitalism was seen as so successful that other systems were automatically viewed as weaker and less fit (Rehn, 2001) and even nowadays, after the financial crisis, this seems to be still the dominating view.

But what if there are businesses that decide to give all control out of hand? Businesses, that decide to have hardly any rules and regulations. Who do not strive for rational and individual maximization of profit and efficiency. Businesses that rather do the contrary and instead of trying to control everything, decide to trust. They show this by not even stating a set price for their goods or services. They let their customers decide whatever they want to pay and trust them with the control that this will give them.

Several businesses exist that work with participatory pricing concepts in the hospitality industry. They let customers set their own price and base their business on trust rather than control. Different questions arise when talking about these businesses: how do they work, how can they sustain themselves, and, how do they function in our current economy?

# 1.1 Participatory pricing

I will start with explaining how their pricing concepts work. There are three different categories Dollan and Moon (2000) came up with that represent pricing and buyer-seller-interactions that create a market for exchange. There is the set price mechanism, which represents passive buyers who have no influence on the set price. The second category is the buyer/seller negotiated price mechanism, where the price is flexible and the buyer participates in some degree. The last category represents auctions and exchanges that involve a high degree of buyer participation and strong control over the price paid (Dollan and Moon, 2000). The participatory pricing model lets the buyer set the complete price and gives them the highest control (Kim et al., 2008).

There are different variations of participatory pricing models, called by names as 'Pay What You Want', 'Pay As You Wish', 'Pay As You Feel' and 'Donation-based', but they generally come down to the same idea regarding the price: The customer decides what to pay. Since the consumer has absolute control over the price it can increase the buyers' intent to purchase, but the seller also faces the risk of buyers abusing their control and pay nothing at all or a price below the seller's costs (Kim et al., 2008). Businesses that were found who work with different participatory pricing concepts in the hospitality industry are listed in the table below.

	USA	Europe	Other countries
Restaurants	<ul> <li>Better World Café, Highland Park, NJ</li> <li>Downtown Credo, Orlando, FL</li> <li>Just Cooking, Dallas, NC</li> <li>Karma Kitchen, several places</li> <li>Made with Love Café, New Orleans</li> <li>Mosaic Coffee House, Seattle</li> <li>One World Café, Salt Lake City, UT</li> <li>Pyngle's Food Truck, Los Angeles</li> <li>SAME Café, Denver, CO</li> <li>Soul Kitchen, Read Bank, New Jersey</li> <li>Spokane, Washington</li> <li>Terrabite, Seattle</li> <li>Vimala Cooks, Everybody Eats, Chapel Hill, NC</li> <li>Wednesdays, Santa Clara</li> </ul>	<ul> <li>Café Liebling, Munich</li> <li>Der Wiener Deewan, Vienna</li> <li>Geef Café, Rotterdam</li> <li>Karma Kitchen, London and France</li> <li>Kish Restaurant, Frankfurt</li> <li>NanaCafe, Krems</li> <li>Pay as you Please, Killarney, Ireland</li> <li>Trust, Amsterdam</li> <li>Weinerei, Berlin and Nürnberg</li> </ul>	<ul> <li>City Café Bakery, Ontario, Canada</li> <li>Karma Kitchen, India, Malaysia, Singapore, Japan and Indonesia</li> <li>Lentils as Anything, Australia</li> </ul>
Hostels/ Hotels	Not Another Hostel, Pittsburgh, PA		

Table 1: Businesses working with participatory pricing in the hospitality industry

## 1.2 The business cases

The three businesses that will be studied are a café in Amsterdam (the Netherlands), a hostel in Pittsburgh (USA) and a restaurant in Vienna (Austria).

# Café TRUST

Trust is a café in Amsterdam that promotes the 'Come as you are, pay as you feel' concept. Their goal is to be happy for no reason. As they note on their website: 'TRUST is not about food or coffee, it's about extending love and joy'. They removed the prices from the menu and trust that people give unconditionally. TRUST stands for To Rely Upon Source Totally: 'Hold on to nothing at all, live in the moment, deeply knowing that all needs will be met at the right time.' As they say, they do not run a business, but a trustfulness and participate in the economy of trust. They don't earn a salary but they share the money. They ask for donations in the form of time or talent, materials that they need in the café and money ("TRUST," 2015).

#### Not Another Hostel

Not Another Hostel is a hostel in Pittsburgh. They are describing themselves as the only donation based hostel in the world. They state that the idea of hospitality started long ago to help a fellow traveller and not to profit off of them. On their website they state that they believe that by charging guests money, they start off with a business contract where they cannot truly be friends. In contrast, with a donation-based hostel, they build a social contract where the sky is the limit. As they say themselves: 'this is a philosophy, not a business'. They run on a Pay It Forward model and write that customers can donate whatever they feel their stay was worth (in time, things, money, or good jokes) to help the project continue ("Not Another Hostel homepage," 2015).

#### Der Wiener Deewan

Der Wiener Deewan is a curry restaurant in Vienna operating with the All-You-Can-Eat-Pay-As-You-Wish principle. They opened their restaurant on the 30<sup>th</sup> of April, 2005. Guest select their food and pay later depending on the amount of satisfaction, the amount of food they eat and how much money they have. Der Wiener Deewan appeals to the ownership of the guest with promoting that they decide what the restaurant can do. The Pay As You Wish concept started out as a temporary experiment but worked so well that they continued with letting customers set their own price. Their customers consist of a wide range of people, from students to bank employers ("Der Wiener Deewan," 2015).

# 1.3 Economic theories

Business that have trust as a base for their business and therefore work with participatory pricing concepts do not seem to follow the principles of our current 'rational' market economy. They rather seem to belong to a different economic theory. Rehn (2001) explains that the western, capitalistic version of the market economy is not the only possible economic order. Another type of economy is the so-called gift economy. Anthropologists have investigated gift giving for a long time. They see it as an economic system whereby all kinds of gifts are being exchanged for others (Mauss; 1923/2002). It also can be explained as the

root of the market economy or, on the other side, a position outside of it that is one from where an attack on capitalism can be launched (Rehn, 2001). Some also see it as the birth of economics in general, where both social acts of gifts and counter-gifts and primitive phenomena of reciprocity have grown out to trade and contracts (Rehn, 2001). To conclude, different viewpoints of the gift economy have been well debated, but researchers

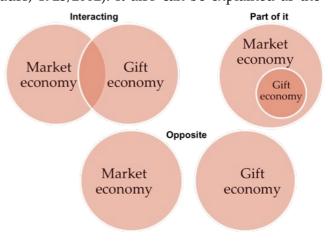


Figure 1: The market and gift economy

agree that it is some kind of (early) economic system.

## 1.3.1 The clash

The start of the Internet caused a tightening of the clash between the market and gift economies (Baym, 2011) and thereby made the difference between the two more visible. Because of the Internet, people got access to an incredible amount of data and information. Mostly for free. The popular website Wikipedia, different kinds of software, manuals, guides and programs became available for a much larger population. People participate in the Internet, interact with each other and establish information. The market economy does not seem to have as much influence on the Internet as outside of it, since information that used to be inaccessible or had to be paid for, is now given out for free and shared among others (Baym, 2011).

An example of this can be seen in the music industry. Because of file sharing on the Internet, music productions have troubles with making money. Baym (2011) analysed 'The Swedish Model' in the music industry, which encourages giving much of the music away and interacting directly with the audience online. This all to invoke values of trust, egalitarianism and community that are common in the gift economy instead of suspicion, hierarchy and depersonalized markets. The model Baym proposes is an example on how to work with the gift economy, without losing sight of the market. It forces the relations among media producers and consumers to be changed and reoriented towards gifts (Baym, 2011).

We can now see this happening not only on the Internet and Internet-based businesses, but also in real-life settings, as seen in the examples in the table given before. Businesses in the hospitality industry are using participatory pricing systems. They give away goods and services for free as in a gift economy. After enjoying the service or good, the receiver can choose what (if anything) to give in exchange. Working with participatory pricing was mostly expected to appear in a business that did not have a lot of marginal costs (Kim et al., 2008), so that the money that came in gifts could be seen as direct profit. This includes businesses that do not have a lot of fixed costs to pay each month, such as employee costs and rent. However, participatory pricing also seem to exists in real-life businesses in the hospitality industry, an industry that actually does have high marginal costs.

# 1.4 Relationship management

Participatory pricing systems have been used before. Not to run a whole business based on it, but as a marketing promotion. Businesses tried to attract more customers by stating that they could pay what they want or as they wish for a certain product or service. As an example, Radiohead launched an album online in 2007, whereby customers could choose the price they wanted to pay for the album and download it (Tyrangiel, 2007). For a perspective of the market economy, relationship management strategies are being used. According to Zineldin (2012), relationship management is being increasingly used in today's economy to attract customers As he continues: 'Today's customers care about companies that are

oriented toward creating, developing and improving new markets and products or services, rather than just controlling a market and improving their market-share tactics and techniques.' Therefore, a customer's view and a relationship philosophy becomes a more effective and profitable way of approaching organisational strategy (Zineldin, 2012). This arises the question if the businesses that are working with participatory pricing do this merely as a marketing strategy or if they practise and follow the logic of the gift economy.

# 1.5 Gap and Research question

There is little academic attention given to business models that work with participatory pricing. It is a relatively new subject and only a few articles about it could be found. One of the research areas related to this is the research about the "gift economy". This is a well-researched area, but mostly from an anthropological perspective and not from a business one. Another related research area is relationship management, including "customer participation" and "building customer relationships", which is an essential part of the gift economy. Relationship management strategies are well researched but they are not discussed in terms of businesses that work from a "gift economy perspective". This research aims to provide more information about businesses that work with participatory pricing and thereby adding more knowledge to this field of relationship management and to the field of the gift economy.

The research will focus on real-life business in the hospitality industry. Therefore, the main research question of this study is the following:

How do business models in the hospitality industry based on 'participatory pricing methods' work?

Regarding the conflicts in the literature of the market and gift economy, the main research question leads to the following two sub-research questions:

- Is the participatory pricing concept used as a relationship management tactic?
  - Why did the businesses choose to work with participatory pricing?
  - o What is their marketing strategy?
- Can these businesses be seen as part of the gift economy rather then the market economy?
  - o What are their cultures, values and logics?
  - o How do they work in interaction with the market economy?

# 2 Methodology

The methodology of this study provides a plan on how to answer the main research question 'How do business models in the hospitality industry based on 'participatory pricing methods' work?'. The method was designed while having in mind that to be able to find out how the business models work different perspectives of both the market and gift economy would be discussed in the study. It has been researched from the common market economy perspective as well as from the perspective that the gift economy gives. Thereby, it was also important to consider what the nature of the empirical data would be. Since the data would be subtracted from three different qualitative case studies, it would be based on the observations of human interaction and their ways of functioning in a certain setting. This has all been considered while designing the method.

#### 2.1 Method motivation

To be able to motivate a certain method, it is important to look at the set of beliefs, or paradigm, this study takes position in before proceeding to the choose of method.

### 2.1.1 The Paradigm

According to Bryman and Bell (2011), an epistemological issue concerns the question of what is regarded as acceptable knowledge in a certain discipline. It questions different perceptions of reality and discusses how objective a research can be. Positivism and realism state that the truth is 'out there' and exists separate of human beings (Bryman and Bell, 2011), which could make sense. People just look at the same truth from different perspectives, but reality is still something static and measurable. This makes sense when studying something that can be measured by certain standards, which can be translated into numbers and facts. However, when studying people or a certain phenomenon the truth seems much less measurable and to be changing all the time. Relativism and interpretivism provide a different perspective and argue that the truth can be seen as subjective (Denzin & Lincoln, 2005). By this they mean that every individual perceives the truth in a different way and based on culture and experiences an individuals' perception of the truth can change. Therefore, it can be questioned if there really is a static truth, or that the static truth is just a lot of people looking at something 'with the same type of glasses on'. Truth can therefore change based on new insights and a different way of looking at something. Therefore, truth will not exist outside an individual, but is subjective and depends on each individual's perspective. Truth can be negotiated through dialogue (Denzin & Lincoln, 2005). This research will take this kind of perspective. Of course, looking at it from this perspective is also just a form of subjective truth.

Ontological considerations focuses on the question whether social entities can and should be considered objectives entities that have a reality external to social actors (objectivism) or if they should be considered social constructions build up from the perceptions and actions of social actors (constructionism) (Bryman and Bell, 2011). Taken into consideration that

individuals themselves change the perception of the truth, the observation of a social phenomenon as in this study will take place from the perspective of constructionism, where it is assumed that social actors influence the phenomena. It is argued that a social phenomena does not exists independent of social actors, but that they are accomplishing the phenomena themselves and are in a constant state of revision. This means that how this study is perceived also depends partly on the researchers' own account of the social world and perception of what is to be seen as the truth. Thereby, this research is holding a pair of glasses in front of you, to show a certain type of reality.

#### 2.1.2 The method

Since, according to the previous explained perspective of reality, the truth can be negotiated through dialogue (Denzin & Lincoln, 2005) a qualitative method approach will be used to ensure an adequate dialogue between the researcher and the participants of the study. Many 'how' and 'why' questions need to be asked to investigate how the businesses work. Also, the focus of the study will be on a contemporary phenomenon in a real-life context. Furthermore, there will be little control over the organizations themselves. Case studies are a preferred method when it comes down to the three previous conditions (Yin, 2009). To strengthen the study, the researcher made use of multiple cases.

After a thorough literature research the researcher discovered that there was not much literature available about the topic. Therefore, it was chosen to do an explorative study. The focus is on real-life businesses instead of online businesses that work with this concept, to be able to experience how the businesses work in interaction with their customers in a real-life setting. Most of the real-life businesses that were found are working in the hospitality industry, therefore the study is specified to focus on this industry.

## 2.1.3 Language

*Business* - The businesses do not always call themselves a business. They prefer other names such as social enterprise, trustfulness or philosophy. However, since the aim of this paper is to look at the models from both a market- and gift economy perspective and for the sake of the readability of this paper, it was chosen to call them businesses.

# 2.2 Research design and trustworthiness

A research design is a logical plan for getting from here to there (Yin, 2009). This study followed the logic of Yin (2009) to start with a thorough literature review to develop an argument, followed by posing questions. The questions are developed in the research and sub-research questions. The developed theory is used as a template to compare and discuss the empirical results with. While obtaining the empirical results, there has been a back-and-forth between the literature and the findings. Therefore, the argument could be further developed and the findings could be used to build on the theory as well.

To make sure the research and the empirical data that have been conducted can be trusted, different factors have been taken into consideration while designing the research as well as during the acquirement of the data. Since this study assumes that reality is socially constructed and negotiated within social settings, cultures and relationships with other people, validity cannot be grounded in an objective reality (Lincoln and Guba, 1985). There are multiple and valid claims to knowledge or the truth, since what is taken to be valid or true is negotiable. Angen (2000) offers criteria for evaluating research from this perspective. According to her, it is important to be aware of the choices and interpretations that are being made by the researcher during the inquiry process and to take responsibility for those choices. That being said, both the interpretive choices and biases have been discussed and explained in the discussion and self-reflection has been taken place to understand the transformation the researcher makes together with the research project. Lincoln and Guba (1985) add more guidance and state that trustworthiness involves establishing credibility, transferability, dependability and confirmability.

# Credibility

Credibility is the confidence in the truth of the findings (Lincoln and Guba, 1985). This study has built up credibility by spending a sufficient time in the field (more than half of the total time for the research) to understand the social setting and phenomenon, becoming oriented to the situation and to build up trust. It provides depth by persistent observation to be able to focus on the most relevant characteristics and elements in detail. This study used multiple data sources such as interviews, observations and documents and different theoretical perspectives to establish triangulation. The research has been discussed with disinterested peers to see different point of views for the analysis. It also used deviant case analysis, which means that elements of the data that do not support certain patterns that are emerging from the data analysis have been discussed to be able to refine the analysis (Lincoln and Guba, 1985). Validity has been established by checking with the interviewed if the data they provided has been interpreted correctly.

## **Transferability**

Transferability shows that the findings can be applicable in other contexts and is a way to achieve external validity (Lincoln and Guba, 1985). This has been be done by making a tick description in the results of the cases to show the patterns of cultural and social relationships and put them into context. All the comments that were used in this study that were subtracted from different interviews can be found in the appendix as well.

# **Dependability**

Dependability shows that the findings are consistent and could be repeated, which can be done by external audits (Lincoln and Guba, 1985). This study has been both guided by a supervisor as well as been examined and evaluated by a researcher not involved in the

research process. Next to that, multiple case studies contribute to a higher dependability as well in comparison to single case studies, since multiple cases are likely to be stronger (Yin, 2009).

# **Confirmability**

Confirmability can be established by external audits and triangulation as well, but an audit trail and reflexivity is also important (Lincoln and Guba, 1985). This research has a transparent description of the steps taken from the start of the project to the development and report of the findings. Records and tapes from the interviews have been kept and data not used in the final product has been saved. The interviews can be found in the appendix as well. An attitude of attending systematically to the context of knowledge construction has been hold to establish reflexivity. It has been taken into consideration that the researcher's background and position affects the perspective of the research (Lincoln and Guba, 1985).

#### 2.2.1 Ethical considerations

Angen (2000) argues that it is important to recognise that the choices have ethical considerations as well. Ethical considerations about the research involve that it will be helpful for the target population, it contributed to the area of knowledge that is available and the whole research has been a good learning process. Furthermore, all the participants have been informed about the research, both when the researcher was observing as well as participating in the businesses. Before having the interviews, the participants were informed about the purpose and nature of the study, the approximate length of the interview and the aim of the research. They were informed that they were not obliged to answer every question and that they could withdraw from the interview at any time. Also, the interviews with customers, guests and employees have been held anonymously, since their names are not stated at the interviews. Only the first names of the founders and volunteers have been used. The people that were filmed have been asked for permission and were informed about the purpose of the filmed material.

## 2.3 Data collection

To be able to collect data, different businesses in the hospitality industry that work with the participatory pricing model were contacted. They were approached by email, phone and Skype to ask if they wanted to participate in the study. After several weeks of approaching different businesses, an agreement with three of them was reached. To gather information from those three cases the following qualitative methods have been used: (participant) observations, interviews and document analysis.

#### 2.3.1 Participant observation

Participant observations are helpful when 'why' and 'how' questions need to be answered, when the topic is relatively unexplored and when it is important to study a phenomenon in its natural setting (Denzin & Lincoln, 2005). The cases have been studied intensively for a short period of time. To immerse into the culture and environment of the business and to be

able to observe, the researcher has spent at least five days at each business and either worked together with the founders and volunteers or employees to serve the customers or observed them. At café TRUST, the researcher has worked together with the volunteers and founders fulltime for six days. At Not Another Hostel, the researcher stayed at the hostel for ten days and used observations and participated with both the founder and other guest in activities as well. At Der Wiener Deewan the researcher came in everyday for at least six hours to observer and interview. By using (participant) observations it was possible to experience the whole business culture from both the owners' and employers' side as well as the customer's side. According to Bryman and Bell (2011), being a participant observer can be beneficial to be able to gain access to an organisation. However, it is recommended as well to develop a high degree of self-awareness and not take the things you see for granted. All three of the cases are small businesses where the founders were working together with the employees in the business itself. Therefore, it has been easy to get in contact with all layers of the organisation. During the observation, pictures, films and records have been made. Notes in the form of dairy have also been taken.

#### 2.3.2 Interviews

Semi-structured interviews have been held with customers, workers, volunteers and the founders to get a holistic picture of the business and the participatory pricing concept they are working with. During the interviews, open questions were asked with the goal to evoke a discussion and to get the point of view of the interviewed. Semi-structured entitles formal interviews that cover specific topics as well as that there will be space for questions that are not included in the topics (Bryman and Bell, 2011). Using this type of interviews provided reliable, comparable and qualitative data. It allowed the researcher to develop a keen understanding of the topic of interest and gave the opportunity to identifying new ways of seeing and understanding, because it was possible to diverge a bit from the given topics (Denzin & Lincoln, 2005).

The table below shows how many interviews have been taken and with whom. Not Another Hostel is run by solely the founder, so there were no employees or volunteers to interview.

	Founders	<b>Employees/volunteers</b>	Customers/guests
TRUST	2	2	6
<b>Not Another Hostel</b>	1	-	5
Der Wiener Deewan	2	3	10

Table 2: Interviews taken

The questions for the interviews were gained through the outcome of the literature research, the research about the businesses before visiting them and the (participant) observations that were made before the interviews. The interviews themselves also led to the obtainment of more questions. Open questions were being asked based on the different subjects that are stated in the tables below.

# Case I TRUST

Interviewed	Questions subjects	
Founders	Organisation: how are changes being made, hierarchy?	
	Values: One economy (view on money), sharing, love, trust.	
	How do they work?	
Volunteers and founders	Something about themselves: how they came to work here,	
	their role, what they like about TRUST, how they see	
	themselves in relation to TRUST	
	Explaining TRUST (philosophy) and the café (business)	
	Customers: how do you see them, marketing, what is their	
	role?	
	Pay as you feel: how does it work, why and when did it	
	start?	
	Goals, successfulness, sustainability, vision	
Customers	Regular customer or not? How they see themselves in	
	relation to TRUST	
	View on TRUST and how they work	
	View on the pay as you feel, how do they decide how much	
	to pay	

**Table 3: Interviews TRUST** 

# Case II Not Another Hostel

Interviewed	Questions subjects		
Founder	How did it start, what was the aim/goal, how they see themselves		
	The concept Pay it forward: how does it work, why did you start it? Marketing?		
	Organisation: legality, employees?		
	Guest: how do you see them, what do they mean for the		
	business, misuse		
	Goals, successfulness, sustainability, vision		
	Values: trust, sharing, hospitality. What do they mean in the		
	hostel?		
Guests	Long-term guest or not?		
	View on Not Another Hostel. Do they feel they participate/responsibility for the concept?		
View on the pay it forward/donation based, how do the decide how much to pay			

**Table 4: Interviews Not Another Hostel** 

#### Case III Der Wiener Deewan

Interviewed	Questions subjects		
Founders	How did it start, what was the aim/goal, how they see themselves		
	The concept Pay as you wish: how does it work, why did you start it? Marketing?		
	Organisation: how are changes being made, hierarchy, legality, employees		
	Customers: how do you see them, what do they mean for the business		
	Goals, successfulness, sustainability, vision		
	Values: trust, sharing, teaching people, moral. What do they mean in the restaurant?		
Employees	Something about themselves: how they came to work here, their role, what they like about Der Wiener Deewan		
	The concept Pay as you wish: how does it work, what do you think of it?		
	Customers: how do you see them, marketing, involvement?		
Customers Regular customer or not?			
	View on Der Wiener Deewan and how they work, Do they		
	feel they participate/responsibility for the concept?		
	View on the pay as you wish, how do they decide how much		
	to pay		

Table 5: Interviews Der Wiener Deewan

All interviews with the founders and employees or volunteers were recorded on tape and/or film and all interviews with the customers were either recorded or directly written down. The customers were numbered to ensure anonymity so their names were not being displayed. Regarding the founders and volunteers only the first names were used. Theoretical sampling (Bryman and Bell, 2011) has been used as well. It has been the aim to reach theoretical saturation by visiting different businesses and generating data until no new or relevant data was emerging, the categories were well developed and the relationships among the categories were well established and validated (Strauss & Corbin, 1988).

#### 2.3.3 Documents

Besides interviews and participant observations, archival data and documents provided by the organisations have also been used to gather data as well as the information available online (websites and social media used by the businesses). Studying these documents have provided a better understanding of what the businesses think is important and to use as additional information (Denzin & Lincoln, 2005). The documents that have been used are stated below. Except for the websites, the documents can also be found in the appendix.

Case	Documents	Source
TRUST	Website	Trustamsterdam.org
	Facebook note about 'Business is	Facebook.com/trustamsterdam
	the new community'	
Not Another Hostel	Website	Notanotherhostel.org
	Article 'Pittsburgh's only hostel	Development news
	now open in Lawrenceville'	
	Article 'Reddit saves Not Another	Popcity
	Hostel'	
Der Wiener Deewan	Website	Deewan.at
	Dine-by-donation questionnaire	The budget traveller
	Article 'This Pakistani restaurant	Dawn
	in Vienna runs on trust'	
	Article the pay-offs and perils of a	BBC Capital
	pay-as-you-wish	

**Table 6: Documents** 

#### 2.3.4 Time schedule

The official time for the research was nine weeks, with the possibility to adjust the research until two weeks after the last seminar. The first week and the time before the official start was used to conduct the theoretical framework. The second till sixth week included visiting the different businesses and obtaining the empirical data from the case studies. The seventh till ninth week were spend analysing the results and writing the report. In the ninth week the final seminar took place. The extra tenth and eleventh week were used to finalize the report.

When a general outline of the theoretical framework was established, the research started with visiting the three businesses in the second week of the research. Café TRUST in Amsterdam has been researched for seven days, the hostel in Pittsburgh has been researched for ten days and Der Wiener Deewan in Vienna has been researched for five days. Together with some travel days in between, the second till sixth week were spent traveling and visiting the businesses. Afterwards, the data analysing stared. The time schedule can be seen in the table below.

Week	Plan	Week	Plan
1	Theoretical framework	6	Business 3
2	Business 1	7	Analysing & writing
3	Business 1/2	8	Analysing & writing
4	Business 2	9	Analysing & writing
5	Business 2/3	10/11	Finalizing

Table 7: Time schedule

# 2.4 Data analysis

Following the suggestions of Yin (2009), the cases have been analysed based on analytical generalization, whereby the argument developed in the theoretical framework has been used to strengthen the results. A semi-inductive approach has been used, whereby on one hand data has been collected based on previous studies (deductive), but since little research has been done data has also been collected to develop a case and identify themes and relationships (inductive).

The advise of Bryman and Bell (2011) has been followed regarding the use of thematic analysis. Thematic analysis has been used to look for themes in the collected data. The theoretical framework helped with this by providing some themes before the data was collected. Constant comparison between the collected data and the theory has been made as well, so that the phenomena could be compared constantly. The analysis includes a description of the cases separately, where after they are being compared to the theory and analysed all together.

# 2.5 Limitations

The limited time available for conducting the research meant that there was a possibility to miss out on relevant data and therefore theoretical saturation might not completely have been reached. The research could also have been extended and included more subjects that touch the edge of the current theoretical framework if more time was available. Furthermore, the method used is semi-inductive, because the researcher wanted to establish part of the theoretical framework before doing the field research considering the time available. However, after having done the research it can be considered that a grounded theory approach could have been a better methodological approach, since the researcher got a much clearer view of the theory that should be used after doing the field research. Therefore, much of the theoretical framework has been adjusted after the field research. Moreover, there was not much time left for analysing and writing the paper, because the field research took more than half of the total time available. A slight language barrier was another limitation in Vienna, since the researcher only speaks and understands basic German. Therefore, not all the observations of people interacting could be fully understood. However, it was no problem interviewing people in English. Furthermore, the cases compared with each other were all in different settings: a café, a restaurant and a hostel. Although they are all working in the hospitality industry, the differences in settings might have caused small difficulties in comparing them with each other. This will also be discussed in the analysis.

# 3 Theoretical framework

As described in the introduction, the business models based on participatory pricing seem to fall out of the general view of the economy. They rather seem to be part of the 'relational' gift economy than of the 'rational' market economy. However, the market economy also has developed strategies regarding relationship marketing. Therefore, it can be questioned if these businesses really practise and follow the logic and models of the gift economy or if they are merely practising the participatory pricing model as a marketing strategy in the context of relationship management.

# 3.1 The beginning of gift and economy

Let us start at the beginning of explaining the so-called 'gift-economy', because what is 'a gift' exactly and how can 'economy' be defined?

## 3.1.1 Two types of gifts

The definition of 'gift' is 'something given voluntarily without payment in return, as to show favour toward someone, honour an occasion or make a gesture of assistance. It is a Present'. The word origins from around 1150 from the Old Norse word 'gift' (Online Etymology Dictionary, 2015). However, the word 'give' means 'to present voluntarily and without expecting compensation'. The word origins from before 900 coming from the Old Norse word 'gefa' (Collins English Dictionary, 2015).

According to the research field, there are two different types of gifts to be found. The so-called 'real' or 'true' gift, whereby reciprocity is not expected. This would be similar to the definition of the word 'give'. The second type is called a gift, but is actually not considered to be a 'true gift' since reciprocity is somehow expected whereby the gift-giving turns into a system of obligations. This would have more in common with the definition of the word 'gift' whereby words as 'honour' and 'favour' are being used. As Derrida (1992) argues; a true gift is an 'impossible possibility', because for something to be a true gift, it has to be not recognized as a gift. Neither of the gift-giver or the receiver should have any memory of it. Champetier (2001) argues as well that a true gift would imply a total absence of return, trance and custody. It is called the 'double bind' of the gift. He adds that according to Derrida a true gift is supposed to be an unconditional gift and that according to his view, a gift is always a paradoxical creator of obligations (Champetier, 2001). It is important to notice that 'what is given' is not of importance, but rather the relationship between the giver and receiver (Ashworth, 2013).

The confusing between the two types of gifts started with Mauss (1923/2002) and his essay, which is simply referred to as 'The Gift'. The Gift examined a so-called 'system of gifts' in an archaic society. The society did not exchange goods for money, but instead gave them to each other whereby the goods circulated around through the members of the society. Mauss' research focused on why these people feel obliged to give, receive and give back. His essay forms a big part of the foundation of the research about the gift-economy. However, by

relating this system of obligations to the word 'gift' he created a discussion about what 'a gift' actually entitles. According to Champetier (2001), the word is completely misapplied and does not translate the reality of the 'primitive gesture', but was rather an intention of Mauss to re-inject generosity in a time that was dominated by egoism and individualism. Laidlaw (2000) says as well that according to Mauss, the gifts are given as 'free gifts' but also imply an obligation, which means that the gifts both are and are not free. According to Laidlaw (2000), Mauss can only make this argument because he does not examine what a real free gift is. Ashworth (2013), however, defends Mauss by stating that he as well shows to struggle with the terms he used. He argues that Mauss also dealt with the idea of a pure and free gift versus a purely utilitarian exchange that is based on rational decisions and cost-benefit analyses. Rehn (2001) also shows that Mauss argues on one side that the participants of the society say that they are giving a gift as a pure gesture without needing to have something in return, but that they on the other side do expect to get something in return eventually.

However, whereby Champetier (2001) and Laidlaw (2000) seem to mostly agree with Derrida's pessimistic view of the gift, Welz (2008) does not. She proposes that a 'true gift' is not impossible, if it is given out of unconditional love and that unconditional love is not something impossible. We can give something material (a good), symbolic (flowers, a letter), what we do not possess (attentiveness, empathy) or love itself as a gift without expecting something in return. To give and receive in love is according to Welz (2008) to give without self-interestedness. She puts the word 'obligation' that is so frequently used by the previous named researchers to describe gift giving in a different context. Whereby Derrida implies that the obligation destroys the gift, Welz (2008) states, while referring to Kierkegaard and Levinas, that love is a gift that obliges to love limitlessly and to give again, no matter if one receives anything in return or not. She argues that although the gift of love requires sacrifice, it is a sacrifice in the sense of giving up one's expectation of reciprocity and one's freedom from obligation. If this were not the case, love would be selfish. She also adds that in this sacrifice lies a gift as well, which she calls the power of giving. Giving can create goodness; no matter if one receives goods in return or not, the giving is a good in itself (Welz, 2008).

# 3.1.2 The origin of economy

The definition of 'economy' is 'thrifty management; frugality in the expenditure or consumption of money, materials, labour, etc.'. It origin can be found in 1520 where it comes from Greek word 'oikonomia', which means 'household management' (Dictionary.com Unabridged, 2015).

According to Rehn (2001), the reason to engage in economic behaviour is to satisfy material needs and to improve ones material well being. Basically, it is to strive for personal benefit and therefore a fundamental egoistic motive. Usually, the exchange is mediated through money and controlled with rules and regulations.

There are different viewpoint about from where economy has begun. Adam Smith assumes that the origin of economy lies in a metaphysical marketplace formed whenever two agents meet. Marx criticised this and argues that the market economy is an exploitative force rather then benefitting most human beings. However, both assume economic behaviour of individuals as a foundation for economic models. Mauss instead is proposing 'total service' as the origin of economy. A system of total service means that individuals and groups exchange everything with one another. Thereby he is putting the contract between groups as the basic unit of economy. Instead of economy being individualistic, he implies that it is about complex social interaction over time. To illustrate this: the gift-exchange cannot be understood in isolation, because when analysing one must always take into account the continuing flow of giving, receiving and reciprocating. Mauss states that exchange is the base of social life and that gift-exchange can be viewed as the basis of economy as organized sociality (Rehn, 2001).

# 3.2 Gift economy: Gifts as an exchange system

'Where money loses its value, the goodwill and kindness we extend to each other will emerge as the ultimate and most sustainable currency of exchange.' - Shanaka Fernando

As stated before, there are two types of gifts. The 'true' gift and the gift that implies reciprocity and therefore forms a base for some kind of gift-system. According to Rehn (2001), Mauss' description of the system of gifts implies that there can be no free gifts or meaningless gifts, whereby he means that there can be no gift exchanges that are not part of a greater structure. The structure ensures that these gift exchanges can be called an economy (Rehn, 2001).

## 3.2.1 Economic orders in the gift exchange

Mauss describes in his research two kinds of economic orders: the Kula ring and the Potlatch. In the Kula ring gifts are exchanged in a circular fashion. According to Godelier (1999), the original giver in the kula-ring aims to send the gift as far as possible and allows it to circulate as long as possible, so that it carries forth the name of the original giver and enhances it. According to Muhr and Lemmergaard (2011), gifts are therefore given to earn honour and status. Another term is the potlatch, which is a gift-fiving feast where the participants all try to give more than another and make it difficult for the receiver to give back an equivalent gift. Since not being able to give back could imply losing face, the feast turns into a gift-giving competition (Mauss, 1923/2002).

#### 3.2.2 Reciprocity in the gift economy

Reciprocity and therefore the obligation to give, receive and give back are the base of the gift-economy. Reciprocity has an important role in establishing and maintaining social systems. It can function as a moral norm, whereby it dictates that you should give back to those who give you in order to be a respected human being (Muhr & Lemmergaard, 2011).

According to Sahlins (1972), reciprocity can be divided in three different kinds of exchanges. Generalized reciprocity is characterized by exchanges that entail a low obligation to reciprocate or no obligation to reciprocate at all. Balanced reciprocity is characterized by direct exchanges, where reciprocation is culturally equivalent and almost immediate. Negative reciprocity is characterized by transactions aimed at making profit. It dominates interactions among strangers and the market and is characterized by suspicion and exploitation. It involves an immediate return (Sahlins, 1972). In a gift exchange the reciprocity can be delayed, but a commodity exchange happens either immediately or in case of delay interest or a fee has to be paid (Offer, 1997). It also shows, according to Marcoux (2009), that the less closely related the people involved in an exchange are, the more they have the obligation to reciprocate and the more the time period for reciprocating tends to decrease (Marcoux, 2009).

## 3.2.3 Social bonds or economic exchanges?

According to Derrida (1992), a gift - even if given out of generosity - will as soon as it is recognized as a gift will 'enter the economy of exchange' and a circle of giving and givingback is opened. Ashworth (2013) criticizes Derrida's view of seeing gifting as nothing but an instance of exchange by stating that reciprocity of a gift does not have to be the same as repaying a gift. It should be seen as a response to the gift as an expression of affective affirmation. As with Mauss' research, the gift relationship is not understood by the participants to be primarily about economic exchange, but about the establishing and cementing of social relations. The gift relationship therefore and because of the norm of reciprocity, forms a bond between groups (Ashworth, 2013). Rehn (2001) agrees with this by stating as well that the gifts are being exchanged to reassure social bonds. Hyde (1979) explains the difference between a gift and a commodity by stating that gift exchange establishes a bond between people, whereas commodity exchange does not leave a necessary emotional connection. A commodity has economic value, but a gift has worth because of the relation it creates. A gift circulates in networks, social exchanges and creates communities. Therefore, a gift that cannot move loses its gift properties and once commodified, a gift loses its abilities to foster community as well (Hyde, 1979). Blau (1964) differs gifts and commodity in economic and social exchanges and adds that in economic exchange specific obligations, a set rate of exchange and a set time frame for repayment are entailed. Social exchange leaves this all unspecified and is based on trust, since the act of giving is presumed to create feelings of gratitude, obligation and trust in the recipient that will eventually result in benefits to the giver. As Mifsud (2007) says as well: Gift exchanges create feeling. In a gift economy, there will be an on-going and generalized indebtedness, gratitude, expectation, memory, and sentiment – in short: 'lively social feeling' that in turn creates cultural intimacy and cultural memory (Mifsud, 2007). Gregory (1980) argues as well that gift and commodity exchanges are creating two totally different kinds of relationships. The gift exchange is creating a qualitative relationship and the commodity exchange a quantitative relationship of reciprocal independence (Gregory, 1980). However, Laidlaw (2000) does not agree with these

distinction and argues that for Mauss 'friend-making' gift exchange is not opposed to commodity exchange, but rather an early form of it, with principles that can still be found in the modern economy (laidlaw, 2000). Baudrillard (1981), on the other hand, argues that post-industrial economics have consumption as the basis of social order, but that gift-exchange surpassed this. In the gift economy, relations are not solely material but embedded into the social sphere of the whole. Exchanging gifts entitles consumption and production to be intermingled into each other (Baudrillard, 1981).

#### 3.2.4 Modern gift economies

The main research about the gift economy discusses Mauss' essay The Gift, which is about an archaic society. However, current gift economies are rarely discussed or when they are, seen as part or interacting with the market economy. Baym's (2001) and Rehn's (2001) research are exceptions. Baym (2011) researched the current changes in the online music industry in Sweden and concluded that the participation culture that she noticed there functions as a gift economy. The concept of participation emphasizes the active nature of the audience (Jenkins, 1992) and undermines the clear distinctions between certain hierarchies, such as the producers and audience (Baym, 2011). Instead of seeing customers and the business managers as occupying separate roles, they can be seen as participants who interact with each other according to a new set of rules that no one fully understands (Jenkins, 2006). The customers become users and adapting to the customers demands of participation can therefore be seen as shifting away from seeing the audience as a revenue stream toward seeing them as relational partners engaged in a shared enterprise, which promotes a more gift-oriented view (Baym, 2011).

Baym (2011) also takes a slightly different approach on the Kula ring and argues that circular exchanges are different from reciprocal exchanges, since the gifts are passed on to people other than the recipients. This brings more people into the community as the gifts move among them. The social exchanges in her research setting are therefore creating a bigger community (Baym, 2011). Rehn (2001) researched an Internet community of hackers competing online in giving gifts to each other and concludes as well that Mauss' gift economy does not entirety explains their behaviour.

As the 'old' gift economy rather seems to be a separate kind of economy compared to the market economy or either an early form of it, Rehn (2001) and Baym (2011) describe in their research that market and gift economies in our current economy operate simultaneously and in complex, interdependent ways. It remains to be seen whether the businesses in this study that work with participatory pricing, are best explained and understood by the logic of the 'old' gift economy or if they are more in line with the more 'modern' type of gift economy as described by Baym (2011) and Rehn (2001).

# 3.3 Market economy: Control and consumption

'Consumption is the sole end and purpose of all production; and the interest of the producer ought to be attended to, only so far as it may be necessary for promoting that of the consumer.' - Adam Smith

The logic and principles of the gift economy can be seen as a possible explanation of how the businesses working with participatory pricing operate and function. However, as Kim et al. (2008) explain that participatory pricing can serve as a powerful promotion tool and sales strategy as well, relationship management could also be a way to explain their operations. Relationship marketing tactics are relatively new and companies were not until the 1980s starting to adopt a relationship management approach (Zineldin, 2012).

Relationship management comprises all the activities and tools that an organisation uses to build, maintain and develop sustainable customer relationships (Zineldin, 2012), such that it should benefit both the organisation and the consumer (Noble & Phillips, 2004). According to Zineldin (2012), this is a much more appropriate marketing strategy then to focus on short-term profits or sales. Noble and Phillips (2004) argue that many definitions of relationship marketing exist, but that each one highlights that marketing is more than simply initiating relationships (Noble & Phillips, 2004). A relationship marketing approach focuses on customer retention, customer values and long term. It has high customer service emphasis, commitment and contact and sees quality as the concern of all staff (Zineldin, 2012). Iglesias et al. (2011) also adds that relationship marketing emphasises the importance of establishing and maintaining relationships between customers and buyers, which is in contrast to the transactional orientation of the classical marketing paradigm. Transactional marketing and relational marketing are not mutually exclusive, but can live together in firms if a corporate culture supports the relationship approach (Iglesias et al., 2011)

#### 3.3.1 Management control models

However, even if relationship management might, according to Iglesias et al. (2011), be in contrast to the original 'transactional' approach of the market economy it is still promoting the idea of using relationship management, because it is a more effective and profitable way of approaching organisational strategy (Zineldin, 2012). As Zineldin (2012) says: relationships are a tool, instrument or strategy that can be used when dealing with a customer and the relationship is not the goal, but the outcome of it. Therefore, he admits that relationship marketing is still working with control and following a certain strategy as in the context of the market economy.

Our current market economy stared to take form in modernity (around the 1800s) when businesses started to focus increasingly on control and strategy whereby management control models were being developed (Zineldin, 2012). An example of this is Anthony's model, which is one of the most used theoretical structures in the area of management

control. The model is being discussed by Carolina Pimentel Duarte da Fonseca (2010), who states that the implementation of the model allows reaching efficacy and efficiency within organisations. She argues as well that the processes of rationalisation and bureaucratisation in professional management are justifying a low-trust managerial culture that is dominated by the distinction of a 'knowledge-based elite and a machine-minding mass'. Features such as individualism, status achieved and an analytical way of thinking can be seen back in the model as well as objective measure to performance and short-term concern. It emphasizes formalised systems in which people are seen as economic goods and employees are treated like resources and have difficulties in understanding their activities as part of a whole (Carolina Pimentel Duarte da Fonseca, 2010). According to Zineldin (2012), this 'transactional' marketing approach focuses on one single sale, an orientation on product features and short term. It has little emphasis on customer service, commitment and moderate customer contact. It also sees quality primarily as a concern of production staff (Zineldin, 2012).

#### 3.3.2 The transactional versus the relational approach

The difference between transaction marketing and Zineldins' (2012) description of relationship management could perhaps be explained by Granovetters' (1985) argument of embeddedness. Granovetter (1985) argued about the extent to which economic action is embedded in structures of social relations and identified two different types of opposing perspectives. The position of the classical and neoclassical economics assumes rational and self-interested behaviour that is minimally affected by social relations. This is the standpoint transactional marketing takes place in as well. The other extreme is what Granovetter (1985) calls the 'argument of embeddedness' and aligns with both the perspective of relationship management and the gift economy. This perspective assumes that the behaviour and institutions to be analysed are so constrained by on-going social relations that they cannot be seen as independent from them. Interestingly, this used to be the common assumption of researchers before modernity started. During modernity the assumptions changed. Around 1950, when the period of modernity had passed, the economy was seen as increasingly separate and autonomous, with economic transactions that were no longer defined by the social obligations of those transactions but by rational calculations of individual gain. It can even be said that social relations became a by-product of the market instead (Granovetter, 1985). Rehn (2001), argues as well that modernity led to money and therefore the market to become the end result of social life:

'When the value of everything can be decided through transposing the question in a cost-benefit analysis, the point of a complex social web of ritual and traditions becomes moot. This also serves to heighten the cultural importance of rationality, as all questions now can be formulated through an economic model. Society becomes intellectualized and manageable – with the constitution of economy as an abstract sphere of pure and universal rationalities.' – Rehn, 2001

This explains the transaction marketing perspective whereby economic tools such as "price" decide how much the value of something should be and social relationships do not seem to be necessary to guide economic behaviour anymore. However, as Zineldin (2012) argues from a relationship management perspective: in nowadays global-competitive marketplace most organisations are faced with a dynamic market and aggressive competition whereby they experience fundamental changes (Zineldin, 2012). Zineldin's (2012) advice to mangers is to develop relationship strategies in order to cope with the growing uncertainties that come with these changes. He proposes to go 'back to the beginning', back to the real relationship era that took place before modernity started and where marketers used to build long-term customer relationships (Zineldin, 2012).

# 3.4 Relationship marketing: A strategy for economy

'A customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an interruption in our work. He is the purpose of it. He is not an outsider in our business. He is part of it. We are not doing him a favour by serving him. He is doing us a favour by giving us an opportunity to do so.' - Kenneth B. Elliott

Since the businesses that work with participatory pricing models do not state a certain price for their services they seem to go against the transactional belief of how the economy should look like. They seem to trust their customers completely with paying a fair price. Granovetter (1985) explains that social relations are mainly responsible for the production of trust in economic life. Without social obligation and embedded relationships, it would therefore be hard to establish trust in the businesses. Therefore, it is assumed that these businesses are operating in line with Granovetters's (1985) argument of embeddedness just as relationship marketing is doing as well. The next question that could be asked is that if these businesses are practising relationship marketing - how they are using the participatory pricing as a relationship-marketing tactic.

#### 3.4.1 Participation as a relationship marketing tactic

According to Zineldin (2012), today's marketing is a way of doing business. Marketing has to be all pervasive and part of everyone's job description. It is about how to integrate customers into the design of the product or service and to design a systematic process for interaction that will create substance in relationships. The business has to work with customers to discover ways in which to run the business more efficiently for themselves and more effectively for the customers (Zineldin, 2012). Zeithaml & Bitner (2003) agree and say that customers could be viewed as 'partial employees' in that they contribute time and effort in order to increase the value produced. Thereby, customers can control the process and its efficiency, which will contribute to their satisfaction. The success of this depends on how well the company has managed to empower the customer and guide his or her performance (Zeithaml & Bitner ,2003). Zineldin (2012) adds that if there is a high degree of involvement

the customer wants to minimise risks and maximise value. Customers have proved to appreciate relationships and interactions with other people during the experience and there is interdependence between the customers and the employees (Zineldin, 2012). Choo and Petrick (2012) demonstrate this with their study in the tourist industry. They found that customer's relationships with their companions and with other customers have strong effects on their satisfaction. They add that the relationship between a customer and an organisation can be enhanced when the customers interact with other parties, such as other customers and their companions, next to the service provider itself (Choo & Petrick, 2012). According to Noble and Phillips (2004), customers engage in a relationship to gain something out of it, either economic or non-economic. The impact of the consumers' desire for the relationship has impact on their motivation and level of confidence as well (Raciti et al., 2013).

Mossberg (2003) promotes using experiences to engage customers into the business. He argues that motivation to engage in an experience is activated when it is perceived to satisfy important needs and values and therefore it is the key to a positive experience. Experiences can therefore be viewed as customers themselves creating the experience. There are two dimensions to describe experiences: the degree of participation and the relation to the surroundings. The businesses working with participatory pricing could be related to Mossberg's (2003) description of establishing a setting that serves as a natural meeting-spot for members of a certain sub-culture. The members share the same consumption values and behaviour, which may result in future friendships or (momentarily) increased satisfaction. The setting is often designed to encourage social relationships and interactions between the customers. People are viewed as something positive and tend to have similar lifestyles (Mossberg, 2003).

Iglesias et al. (2011), agree that one of the key values to successfully put relationship marketing into effect is a client orientation, but he adds as a second key value a high degree of concern for employees. Shared values, such as trust, commitment, teamwork, innovation, flexibility and result orientation also facilitate the development of a relationship marketing orientation in a corporate culture (Iglesias et al., 2011). Mossberg (2003) adds as well that companies should, next to trying to maximise the customers' degree of control, do the same with their employees. According to Gummesson (2008), any firm's first market is its employees, who must be won and convinced through the marketing efforts taking place (Gummesson, 2008). Zineldin (2012) explains this by saying that if employees do not believe in the messages and communication strategies of their firm, they will find it difficult to convince the customers as well. Managing relationships, in particular with customers, through employees, is according to Lings (2004), an important key to a firm's profitability and long-term survival and success (Lings, 2004).

# 3.5 Summary: Gift economy versus Market economy

The gift and market economy seem to be built on two entirely different principles and values. According to the definition, economy has to do with carefully managing the limited resources available. In Mauss' gift economy, gift exchange is used to spread the resources and share them amongst society. In a market economy, the markets are controlling the resources and social relationships have less influence.

According to Marcoux (2009), people turn to the market economy to escape the social obligations that come with the gift economy. They use the market to free themselves from the sense of indebtedness and emotional oppression (Marcoux, 2009). Hyde (1979) states as well that gifts have become associated with community and with being obliged to others, while commodities are associated with alienation and freedom. However, according to Zineldin (2012), today's customers care about companies that are oriented towards more than just controlling a market and improving their market-share tactics and techniques. Therefore, it seems like there is a necessity to bring 'real' relationships back into the businesses of today and to give customers the possibility to escape back from the market to the gift economy.

## 3.5.1 The analytical model: Relationship marketing and the gift economy

According to the findings of Granovetter (1985) transactional marketing seem to correspond with the idea of classical and neoclassical economics, which assume that rational, self-interested behaviour is minimally affected by social relationships. On the other hand, both relationship marketing and the gift economy correspond more with the argument of embeddedness. However, even though Zineldin (2012) seems to admit the embeddedness of economic life in social relationships, in the end customer relationships are still trying to be controlled and used for the primary goal of maximizing profit. This is in contrast with the view of the gift economy, where maximizing profit is not seen as the main goal. Rather, building social ties (Mifsud, 2007) and thereby building and preserving community (Baym, 2011) could be seen as the most important goal. In this way, relationship marketing can be seen as a capitalistic view on gift giving or either something in between the market and gift economy. The theory of relationship marketing is using some principles of the gift economy inside the market economy, as can be seen in the figure below. The overlap between the circles shows that they are partly using the same principles.

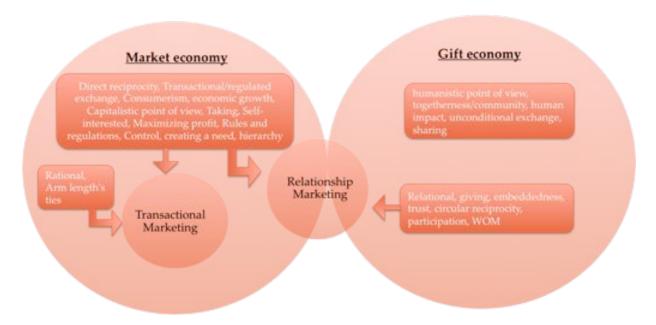


Figure 2: The analytical model

Seeing this from a gift economy point of view, however, could imply that relationship marketing rather abuses the gift system. Instead of truly giving something and building a whole business, society or community based on it, it is used for marketing and promotions. An example can be seen in the research of Muhr & Lemmergaard (2011), who state that fragments of the gift economy can still be found in our current 'full-grown' economy. However, what they researched is Christmas gift exchange in business relationships whereby they say that the gifts represent more then just economical value. This is true, but these kinds of practises should rather be seen as a relationship marketing technique, since it is used to build relationships with the aim to maximise profit rather than to build community. Instead of building a whole business on it, promotions related to the gift economy are used to attract people and maximise profit as well. As Baym (2011) says: the potential for corporate exploitation of 'user-generated' gift economies is ever present. On the other side, from a market economy point of view, businesses from the gift economy can be seen as 'unfair' competition as well. They give resources or things away without the aim to maximise profit, which could influence similar businesses that do not work with participatory pricing. To conclude, relationship marketing should be seen as marketing practises with aspects of the gift economy rather than an example for a strategy that represents this kind of economy. Baym (2011) explains the different point of views by stating both gift economies and market economies are built on different values, which are in contradiction with each other.

The question that remains is if the businesses working with participatory pricing do this from a gift economy point of view or practice it as a relationship-marketing tactic.

# 4 Results

The results are divided in the three different cases, which will all be described individually. The interviews and documents used to describe the cases can be found in the appendix.

# 4.1 Case I: Café Trust

At café TRUST in Amsterdam they believe in the philosophy of being happy for no reason. The staff consist of volunteers who come to the café to practice mindfulness: to train themselves to be in a state of constant happiness and inspiration. To show that they also completely trust their customers, they decided to not have any prices on the menu.

## 4.1.1 The philosophy of TRUST

The philosophy is based on having trust, which means for the people at TRUST 'To Rely On Source Totally'. This means they have trust in each other, their customers and the 'source'. They define the latter one by something where all the energy comes from, or 'God'. When you enter the café, you can read the following sentence on the door: 'The best way to see if you can trust somebody, is to trust them' and that is what the people at TRUST do.

'TRUST is the philosophy and the café is a way to practise this philosophy. We practise the belief of being happy for no reason all the time.' – Hugo, founder TRUST

Their only interest is to serve the higher picture, which means that they try not to let their self-interest intervene. The vision of TRUST and the café as well is to be happy for no reason. There are three guidelines: 1. No private thoughts: Share what is on your mind and do not keep it to yourself. The people at TRUST operate from the principle that the more you share, the better the atmosphere gets. 2. No people pleasing: Be in tune with yourself. They believe that if you say yes to something while you actually do not want to do it and only say it to please someone else, you are not in tune with yourself. 3. Do not work with stress: If feeling stressed, take time to solve it. They believe that feeling stressed withholds you from feeling happy.

We as individuals can choose between two modes of being: we can go into separation or trust the source and trust that life will take care of life. We will just listen to inspiration and follow. – Hugo,

founder TRUST

#### **4.1.2** The café

The café was started in the summer of 2014. The founders wanted a place to practise the philosophy of TRUST and give others the chance to join in as well. Therefore they decided to open a business and bought a café to practise the philosophy while serving coffee and cakes.



Figure 3: Café TRUST

It's a business where people work from the inside-out. It's a place where you can discover yourself and things will change around you. – Maarten, founder TRUST

We had no background in hospitality at all. No clue where to start at all. - Hugo, founder TRUST



Figure 4: The open kitchen

The café can be found on a busy market street in the centre of Amsterdam. The windows are painted and display a few quotes. In the middle of the window is written: Come as you are, Pay as you feel. When entering the café, colourful chairs and tables fill the room. The counter is in the back, and behind it is an open kitchen. Orders are taken at the counter and brought to the tables. Next to the counter there is a menu stated on the wall that shows all the

food and drinks that are being sold. Everything is made fresh and on order. Most of the time the walls display art from a certain artist, but currently they are empty. Soon they will be covered with posters that are supporting the 'TRUST view of life'.

There is a big sign below the counter stating the difference between happy food and stressed food, which is either a smiling or a sad face. The volunteers do not want to stress and only make the food from a peaceful state of mind. They believe it will make the food better when it is made with love, trust and happiness.

The legality of the café is a foundation, where donations of time, stuff and money are accepted. Since the start of the café, they are able to pay all their monthly bills till so far with the money that comes in from the café. Besides for having a website, Facebook page and Instagram account, they do not do any marketing. Most of the customers come in when they pass by or hear about it from others. They also take business plans step by step and do not have any long-term plans.

We let go of all the beliefs, such as 'we really need marketing, PR, better coffee, etc.' or other things to make this a success. No. When we began this place we didn't spend anything on marketing. We focus on our own mind healing. This will generate the business or give ideas for the business. — Hugo, founder TRUST

Although they do not have any kind of business plan or do marketing, the café is seen as the 'business' part of TRUST. A business where they work from the inside-out.

Yes, we are running a business. We have a business with a different attitude. But it is a business, which will need money to exist, etc. – Maarten, founder TRUST

'I do see the café as some kind of business, but it feels more like a community.' The sense of togetherness is what will attract the business side of things. The money, the volunteers. But we are as well a business'. – Hugo, founder TRUST



Figure 5: Table setting with folders

They propose that 'business is the new community' and that TRUST is representing this as well. It is not about the customers at TRUST, but about themselves and their practise in mindfulness.

'To further explain let us first provide a definition of business and community. With 'business' we mean the traditional form of business that is focused mainly on achieving financial gain. With 'community' we mean the traditional form of (religious) communities focused on introspection, devotion and spiritual practices. It is safe to say that there has been no strong connection between 'business' and 'community' when using these traditional descriptions. You could say 'business' was located on Wall Street and 'community' was miles away in the Himalayan Mountains. Not so at TRUST. We are a community operating as a business. And within TRUST the community aspect comes first, and the business aspect follows.' – Facebook page of TRUST

They see the business aspect as a way to provide them with more opportunities to practise the community aspect, which includes personal healing and sharing thoughts about how they feel to come closer to their goal. As said before, their goal is not financially. It is to live according to the principle to be happy for no reason and to extend love and joy all the time. The successfulness of the café is also not connected to money or financial gain. The volunteers see it already as successful, because it exists and they can do their mind trainings.

The café is already successful. There are no financial or happiness goals. It will change during the process. We don't know what will evolve. But we will follow our intuition and what is needed and see what will happen. Our daily intuition is our plan. We don't have any long-term plans. – Maarten, founder TRUST

#### 4.1.3 The perspective of the volunteers and organisation

There is no hierarchy in the café. Rather, they see it as a flat, circular organisation. In the middle are the five founders, who are also the board members. Around them are the committed buddies (currently five): the trust volunteers who are even more committed to the philosophy than the 'regular' volunteers and do extra things besides working in the kitchen. The third circle represents the trust buddies: the TRUST volunteers that work in the café.



Figure 6: Organisation

It is a group project and we need each other to make this place

work. There are no owners; the only distinction is that we have the founders. We are really careful to not create a hierarchy. It is all equal. In that equality there is a difference between responsibilities. The founders have the responsibility to keep the foundation going. The volunteers don't have this responsibility. We (the founders) are very much thinking how we can expand the vision and better the mind training. – Hugo, founder TRUST

As a volunteer if we have an idea or something we didn't like we tell it to one of the founders and they take into the meeting where they constellate how they will make changes. – Astrid, volunteer TRUST

The people working at TRUST are currently all volunteers and come there mainly to practise mindfulness. To be in a constant state of happiness, negative feelings have to be expressed. Therefore, the day at TRUST begins with a day opening, where everyone takes a few deep breaths and tries to get his or her mind on the mode of 'being and feeling happy'. Next, all



Figure 7: First task of the day

the volunteers pick a number, which is connected to their lesson of the day. There are nine lessons, involving phrases like 'I need something to be unhappy, but I need nothing to be happy' and 'When I compromise, I fake peace. When I love without expectation I am peace'. Their aim is to practise their lesson during the day and share their results and what they learned with the other volunteers.

When someone has any negative feelings during the working day, they are expressed and 'solved' by using joining's, constellations and practising individual mindfulness. According to the founders, these are different tools that reveal the hidden dynamics of a situation and allow to gain insight and clarity about the situation. When this takes place in the café, all or part of the activities to make food and serve customers are temporary stopped. To be in a constant state of happiness is more important than that the food is being served at the customers as soon as possible.

'If something happens in the kitchen we give that priority to making the food or the coffee, because we want to put love in the food. That is also upside-down.' – Astrid, volunteer TRUST

The kitchen is a symbol for our mind training, so it is secondary. It is the other way around. It is our backdrop for mind training. It is for you (the customers) too, because if we heal our mind we heal the whole. You are being affected by it because we are all linked together, so it is also your mind healing. You will get opportunities as well, as in this case to practise patients. -Gunver, volunteer TRUST

The volunteers see the café as a learning school for themselves to practise to be at a constant state of happiness and joy, a community and a way of life.

'For me TRUST is more like a community, we really do it together and support each other. I think it is a way of living. I don't just exercise to be happy for no reason at TRUST, but also outside of it.' – Astrid, volunteer TRUST

It's a place to unlearn the stressful ways of live. To be happy for no reason. – Maarten, founder TRUST

Working at trust means for me to expand my boundaries, learning how to see everyone as one. There is no separation. Letting go of my own false beliefs. Seeking a deeper connection with people and being challenged. – Tina, volunteer TRUST

The customers are seen as a learning experience as well. They see them as a projection of their beliefs and patterns and the customers show what they have to learn. They see them as being part of TRUST and part of the community.

## 4.1.4 Pay As You Feel

When new customers arrive, the concept of TRUST is explained to them by one of the volunteers. They tell them they work with mind training, which can cause the order to take longer then they might be used to. They also tell them that they can pay 'as they feel'. They initiate them to think about money differently. Not about how much something costs, but how much they feel they want to pay. Customers can pay whenever and whatever they want and put the money in a box on the counter or choose an amount to pin and also pin by themselves. The staff does not ask if they have paid something or not, they do not check their customers and let them get change outside of the money box by themselves.

I ask you (customers) to feel in your heart what you want to pay, ...what makes you happy to pay. Then I usually tell why we are here for. It is not about the coffee or the cakes; it is about the process of

becoming happy for no reason. I also sometimes tell that we want to make love-made food, instead of stress-made food' – Astrid, volunteer TRUST

First I show them the menu and I say that we don't have any prices. I say that they can pay as they feel. Pay from their heart. I try to explain that we are all volunteers and we try to work from a place of peace, relax, and we don't want to put any stress in our food or drinks. If we don't feel in harmony anymore we stop everything and try to see what is going on. – Tina, volunteer TRUST

The café started directly with 'Pay As You Feel' to show their customers that they are being trusted. Having set prices do not show a relationship of complete trust.

We trust the source for inspirations and it will provide whatever we need. We thought, how can we practise this most radically and deeply? So we decided to not have prices and leave it all open. So practically we are open for all kinds of abuse, people can just come in and not pay much and then we have to close the shop. But we want to test this idea and what we have to do is just practise our mind back to this state of being and the source will provide. — Hugo, founder TRUST



Figure 8: Open to receive

Usually I don't look when the customers pay. I just say how they can pay and where and then I go do something else. I just want them to be free and not looked upon. – Tina, volunteer TRUST

Its also how you think about it. If you give when thinking you don't have enough or will you trust and give with an open heart? – Astrid, volunteer TRUST

What the café initiates is to let people think different about money. Not with their head, but with their heart. To feel what they want to pay, instead of making a rational calculation. The volunteers also include the concept of money in their mind training. They believe that if their mind is at peace and they are 'open to receive' the money will flow in. To be open to receive they stimulate each other to think differently about money. To take all the emotional feelings attached to money off of it and to see it as just paper strips, instead of something that can be either good or bad. They practise this in the café by randomly giving each other their wallets, keys, phones, etc. and discuss what they feel when they give something away or either receive it.

The purpose of the money game in TRUST is to see it without the value we put on it. It is just paper strips.. For TRUST, we really do things really upside-down. We do it from the inside. You will attract more money, from the inside. Can you receive money, or can you just give it away? What is the feeling attached to it? – Maarten, founder TRUST

They see giving and receiving (money) as one and all participate in the cycle of their socalled 'ONEeconomy'. They believe that there is enough for everyone. Giving unconditionally does not lead to the question to get something back or something out of it, but to have no expectations at all. They practise to give out of unconditional love.



Figure 9: ONEconomy

Giving and receiving is a symbol of infinity. Things come and go. Every time you give something you will receive what you need in live. There are no expectations; they will only work against you. Things happen if you drop all expectations. Expectations are what I want, the small me (the ego), then you forget the bigger one (the source/God/etc.). It is training and training and experience to see what happens if I drop all expectations. What I think I know, I need, I have to do. To drop it all. – Maarten, founder TRUST

# 4.1.5 The Customers perspective

The people working at TRUST tell new customers how the concept works. They get different reactions from people who really like it and people who do not know how to think about it. There are also folders on every table that explain what they do and how it works and every utensil set has a quote related to TRUST.

We really get different reactions from customers. Some say it is really great and that 'they were looking for a place like this', other start counting how much the ingredients will be and then what the price will be. Some people also say they found it difficult to feel. We are so used to think about money, calculate and analyse it instead of feeling about it. – Astrid, volunteer TRUST

I wouldn't say people want to take advantage. I think that there are people who don't pay. They will have their reason for it. I don't want to judge them. – Tina, volunteer TRUST

Regular customers say they come to the café for the atmosphere. They like the initiative and the fact that the café shows a different perspective on how a business can look like. They also like the freedom to pay what they feel. They have similar opinions about what TRUST is and what it means for them. They agree that you might have to wait a long time for the food to be brought to the table, but most of the time they do not mind that. They understand the reasons for it.

I feel at home here. I can do anything I want; it is really 'free'. No stressed employees, everyone takes it on their own terms. Sometimes we stay here from twelve till six, to work here full day. I get very productive, because the atmosphere is so relaxed. – C1, Customer TRUST

If you are hungry, you might have to wait a long time but that is no problem. You accept that they are just relaxed about it so you get relaxed about it as well – C2, Customer TRUST

That is what I like about coming here, because it makes you think about things that we see as 'usual', that don't really have to be seen as usual. The last 20-30 years it has to become normal that, e.g., banks need to make profit. No. You can also think that bankers need to take care of the citizens, because they trust their money with them. The whole idea that this is supposed to be normal is something that is

challenged here, at this café. I don't think that that is their intention. Their intention is to do things a different way, but the side effect is that you are thinking about how it is now. – C6, Customer TRUST

It feels more free, because you don't have prices. Being at TRUST is like sitting in a train. You can't go faster or slower, you just have to wait until you arrive at your destination. You accept that you

don't have control. – C3, Customer TRUST

The way they look at things is really upside-down. – C5, Customer TRUST

Customers say that they feel like they are participating in the concept and feel part of it as well. Café TRUST also receives drawings and postcards from customers which they collect in a certain book.



Figure 10: Drawing from a customer

I think everyone opening up to the experience and the mind-set is participating in some way. They (new customers) have to get used to it. Everyone likes it (TRUST). You can filter out the open minded people. TRUST is not about money, it is all about the feeling. They put money in less high regard than emotions – C1, Customer TRUST

I think that it (customers feeling part of the business) is an automatic result of the way we do our business. It is part of the oneness: How more we practise loving the more the customers notice that as well. Many people say they like the atmosphere, it is nice and peaceful. That is because we practise this state of being. Basically we give the customers the biggest present, because we work on ourselves. – Hugo, founder TRUST



**Figure 11: Customers TRUST** 

TRUST is here for the people who are working here, not only for the people who come inside. We provide therapeutic challenges. – C4, Customer TRUST

They are very positive about the Pay As You Feel concept and the way in which things work at TRUST. It makes them think about money differently. There are differences in deciding how much they will pay. Some customers start counting; others really try to feel how much they want to pay.

I pay different every day. I decide on how much money I have myself and how I feel. – C3, Customer TRUST

*I let go of the idea of money all together.* – C1, Customer TRUST

How much I will pay depends on my mood, it's different every time. I think about what it will cost at other businesses as well and then I add what I feel about it to the price. – C6, Customer TRUST

# **4.2** Case II Not Another Hostel

Not Another Hostel is a hostel in Pittsburgh, which works on a 'pay it forward' base. All kinds of people are welcome to stay in the hostel and are free to choose whatever amount they want to donate when they leave.

# 4.2.1 The philosophy of Not Another Hostel

Not Another Hostel was founded by Jon Potter. He was inspired to start the hostel when traveling around the world. During his travels he visited Argentina, where he heard about an ancient law that says you must host and feed any traveller you see for three days. He was hosted and spoiled by people in Argentina during his whole stay there. In other countries, similar expressions of hospitality were shown to him as well.

I always asked like, how can I repay you, what can I do? And they said I could just help someone else out in the future. When I was done traveling and wanted to settle down in Pittsburgh I was thinking about how I could repay that or what I could do, so that's how I started up this hostel. — Jon, Founder Not Another Hostel

The idea of hospitality started as a way to help out a fellow traveller, and not to profit off of them. According to the hostel's philosophy, people are good and staying in the hostel will show this to guests.

Because if you think that people are good, you are going to treat them differently. If you think people are bad, you are not going to treat everyone as nice as you would. - Jon, Founder Not Another Hostel

It is also a way to make it assessable for everyone. According to Jon, travel is a huge part of our human nature and having a donation-based hostel contributes to this idea. Besides values of trust and believing in the goodness of people the idea that if you give, it will come back around can be seen in the hostel and in the pay it forward concept as well. While the practical goal of the hostel is to help people out with accommodation, it is also meant to inspire people to do the same and help others when they are able to.

#### 4.2.2 The hostel

The hostel started out three years ago, in 2012. Since then the founder, Jon, has hosted over 3000 guests. Jon forms together with his two dogs Luther and Max the 'Not Another Hostel Team'. He explains he actually wanted to run the hostel for free, but also needed to find a way to pay the bills.

Figure 12: One member of the team

I did some research and found a donation-based restaurant in Colorado. He actually makes more then he would make if he would charge money. So I wanted to try it like that. It doesn't exactly work like a restaurant, but I definitely make enough to pay all the bills. - Jon, Founder Not Another Hostel

He decided to rent a house and found a landlord who agreed with him hosting people in the house. There are no certain regulations the hostel has to follow, because it is not charging people money and functions as a home for the founder as well. Also, many charities that help out always have a religious purpose. The hostel does not have this kind of purpose, and is just there to help people out.

There is no regulation, because I don't charge people. Its just like having friends over who help pay the bills. - Jon, Founder Not Another Hostel

The hostel currently does not have a certain legal status, but is working on becoming a non-profit. The paperwork is in process. The founder does not take a salary out of the hostel and since the start of it there have been a few months where the donations could not cover all the costs of the hostel such as rent, insurances and electricity. However, some months more money comes in as well. The hostel works in a way that all the donations that come in for a certain month, will help pay for the costs for the next month. The founder does not see the hostel as a business, since he does not take a salary from it and therefore cannot make a living out of it.

If I would take money from it would fail, because not enough money comes in for that. For a business based on volunteers it would work. It is set up as a non-profit business, where people who help out don't get paid. Maybe it could work to make a living out of it, but I don't think so. - Jon, Founder Not Another Hostel

The hostel is not being actively marketed. It has a website, Facebook page and can be found on the website Airbnb as well. Most of the guests find the hostel on Google when they look for a hostel in Pittsburgh, since it is the only hostel in Pittsburgh till so far and shows up on top in Google. Guests also hear about it from friends who have stayed there before. The

hostel also has had some media coverage.

We found the hostel online and decided to stay here.

It's the only hostel in Pittsburgh. – G3 and G4,

Guests Not Another Hostel

When new guests arrive, they usually get a

When new guests arrive, they usually get a house tour from Jon. The house tour includes showing the kitchen, living room, sleeping room and bathrooms. Guests are fee to use anything in the kitchen and get towels for showering and sheets for the hammocks. The living room



Figure 13: The living room

consists of a big couch, some books, (computer) games and a big projector. There a two bathrooms and three sleeping rooms. In each sleeping rooms there are two hammocks, which makes the hostel able to host six people at the time, although there are additional matrasses and a couch to sleep on as well. If you do not know how to use a hammock, this will be explained. Outside there are some chairs and a table for usage. Jon also explains where the key is hidden, so guest can go in and out the hostel when he is not there. The house rules are also explained to guests. The main rule is 'don't be a dick', which basically means to considerate other people, not take anyone else's' food and clean up your own mess. The hostel is based on donations, which is explained to guest as well, together with the notion that they can donate whatever they want when they leave the hostel to support the project.

There used to be another 'Not Another Hostel' location in Cincinnati, which was started in 2013, but is now (temporarily) closed. However, the hostel system is set up so that people can open their own branch as well. Plans for the future regarding the Pittsburgh hostel are to combine it with a homeless shelter.

I want to buy two houses: one will be the hostel and the other the homeless shelter. To get homeless people, to help them as well. All the donations from the hostel will contribute to the homeless shelter as well. - Jon, Founder Not Another Hostel

Concerning the successfulness of the hostel, this is not measured in money. The hostel is considered to be very successful, since many people stayed and that it is still running.

It is wildly successful if you see it as me just having 2000\$ and starting this up. I anticipated a lot more terribleness and people trashing my house and stealing stuff, but it has not been like that. In that sense it is way more successful then I thought. - Jon, Founder Not Another Hostel

# 4.2.3 Pay it forward

The hostel runs on a pay it forward model, which operates from the idea that if someone does something nice for you, you do something nice for someone else as well. Eventually, it gets better for everyone.



Figure 14: Pay it forward

It fosters kindness, and I think that is one of the most important things in the world. It really puts a sense of responsibility on yourself to be a kind person and to go out of your way to be kind. There is no kind of obligation that if you want this you have to pay. There is no external force, so it comes from inside of you to give back. – G5, guest Not Another Hostel

I still remember all the people that showed hospitality to me and that I wasn't contributing anything at that time. I send them a case of beer now, with 'hey, this is Jon from like eight years ago...'. I have met people who do that for me as well. The first guest I had actually send me a donation two years

after, while saying 'I couldn't pay you back then, but I want to pay you now'. – Jon, Founder Not Another Hostel

When new guest arrive, the concept is explained to them and they are being told that they cannot donate anything before they leave. In this way you do not start of with a 'business contract', but you build up a social contract instead. Jon explains this principle by stating the following:

We value things based on how much money you pay and we feel entitled to it. It gives a lot more confrontation. The person selling it is responsible and the person buying it has the entitlement to complain, etc. With the donation thing I make it a point that people cannot donate money until they leave, even if you want to. I really want people to donate anonymously, so that the time that we spend together is unspoiled and it is really that we are just friends. I am not trying to be nice to you just to make money. That is the social contract. I made a lot of friends and that is kind of the point. Not seeing them as a dollar sign. I just view it as if it's a contribution or an optional thing for staying here and it's not me just charging them. Its not that I am a hotel owner and they are a client. Its totally different. – Jon, Founder Not Another Hostel

The guests state that they really like the Pay it forward idea, because it makes the hostel available for everyone and gives people the chance to pay how much they want based on their experience. When asked how much they would pay themselves, they usually refer to prices of other hostels and add on the positive experience they had.

Because they are doing you a favour and so you want to return the favour and be kind back to them. - G5, Guest Not Another Hostel

According to Jon, short time guests usually tend to give more per night. If people stay longer, they usually give less per night. Findings from a research done by the Carnegie Mellon University in Pittsburgh at the hostel show that more time spend with guests by the founder lead to higher donations.

Guest interaction, if people can put a face to a project really leads them to contribute more. – Jon, Founder Not Another Hostel

On the other side, there are also people who abuse the project. Guests that for example, stay much longer then they initially told and do not contribute anything.

There are also people who make misuse of it. At the end of the day, I really take it as a personal challenge to love them no matter what. I don't want to make them feel guilty to pay anything. Everyone can love their neighbour, how easy is that, but loving your enemies, that is really true love. So I take it as a personal challenge to do that. – Jon, Founder Not Another Hostel



Figure 15: Taking guests paragliding

# 4.2.4 The guests perspective

The owner lives in the hostel as well, which, together with the freedom to use everything and the trust given to the guest gives a feeling of being at someone house, rather then being at a regular hostel. Jon often takes his guests on paragliding trips, drives them to the airport if he has time and is up to it. He also hangs out with them in- or outside the house.

That is what I love about it. Try to help them more then they expect. - Jon, Founder Not Another Hostel

The guest themselves note that they really like the atmosphere of the hostel. It is more relaxed, more 'warmth' and familiarity. They feel at home, mostly because of the host who is very welcoming and because of the other guests too. They say they would also recommend the hostel to their friends.

I like it. Mostly because of the people. Jon is a great guy, and I met you guys (the other hostellers). I

felt really welcome. This hostel really feels like a big house. – G2, Guest Not Another Hostel

I would recommend my friends to check this place out, to participate in, as a little experience. – G1, Guest Not Another Hostel

They admit that they feel participating in the project and see that it cannot continue if there are many people in a row who would not donate.

I bought some things for the hostel when I was staying there. I really felt at home. It got to a point that I was

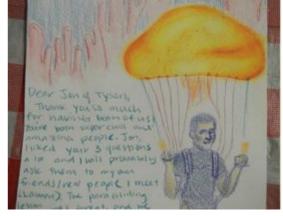


Figure 16: Thank you note

almost feeling I was one of the people running the hostel and greeting new people. It was really cool. - G5, Guest Not Another Hostel

# 4.3 Case III: Restaurant Der Wiener Deewan

At Der Wiener Deewan in Vienna people from all social classes are welcome. Their restaurant services a Pakistani buffet where people are welcome to eat what they can pay as they wish.

# 4.3.1 The philosophy of Der Wiener Deewan

The founders, Deewan and Natalie, started Der Wiener Deewan out of necessity. Deewan is from Pakistan and did not have a permanent residence permit, and was therefore only allowed to work by starting his own business. Together with the investments of a friend, Nathalie and Deewan started the restaurant Der Wiener Deewan. Because of the background

of Deewan, which is Pakistani, they started out with a Pakistani 'all you can eat' buffet. They did not know how to set a certain price for it. They wanted to keep the place open for everyone and bring people from all social classes together. Basically, they wanted the place to be serving food that they themselves (as Nathalie being a student at that time) could afford to eat as well. They also thought the customers might even know better how much the food is worth to them, so they started out by 'Pay as you wish' and see how it would work. They recently had their tenth anniversary, which shows that the concept seems to be working well and the place is still running since 2005. Furthermore, the investment money has come in return and they are making a bit of profit.

We wanted it to fit to us. Where we could have been a guest as well. We said we wanted to start the Pay As You Wish, and then we would see. It is from the idea that it should be accessible. That you wouldn't be afraid to enter because you think you cannot afford it. I had no previous experience in hospitality or gastronomy. I studied translating and philosophy. Deewan had some experience is Pakistan with selling some things, but that is also a different environment. I am more interested in things that are funny. I thought lets just give it a try and see what happens, so I wrote on the window that people could pay what they want. It turned out that, in the first weeks, people liked it and they paid a fair price. So we could continue it, instead of being bankrupted what many people said would happen. — Nathalie, founder Der Wiener Deewan

They work on trust and on the idea that if you give it will come back to you as well.

It is about trust, the customers trust us to make them good food, and we trust the customers to pay a fair price for it. The important thing is that we try our best to stay fair with them. That is that we try to get the best quality things and cook for them from our heart. So that is why it is tasting fine. And that is what we do. - Deewan, founder Der Wiener Deewan

We give people something when they come in, and we hope it comes back. Maybe not from this one person, but from all of them together. For example now, for the ten years, the flowers at the counter was a gift from a guest who comes here very regularly. He brought these giant flowers and the vase. That is great. That is more or less how it works. People take care of this place in one way or another. – Nathalie, founder Der Wiener Deewan

#### 4.3.2 The restaurant

Der Wiener Deewan can be seen from outside as a small and cosy restaurant. On the window is written: 'All you can eat, pay as you wish.' Inside, the interior is colourful, with lots of art on the walls and cushions on the seats. There are many different papers and magazines as well, for people to pick and read. The restaurant is much bigger than it looks from the outside. There are three floors with around 75 seats. The buffet is in the first room. The kitchen is below and there is a chill out area in the basement. Outside, there are four seats.

It is the most busy place in Vienna, the atmosphere is different. It is based on trust. – E3, employee Der Wiener Deewan

The menu can be seen on the walls, in both English and German. There are signs with what is available on the buffet today. The slogan 'Good food, good mood' is to be seen on the wall and on the t-shirts of the employees.



Figure 17: Der Wiener Deewan from outside

We have beggars to eat and very rich as well, even ministers and parliament members sometimes. We have joined them on one table together. That is the best value. Bringing people together. People come here from every corner. If you go to any high-class restaurant you wouldn't see that. - Deewan, founder Der Wiener Deewan



Figure 18: The buffet

Customers come in. The university is nearby, so there are a lot of students. Business people and families with children also take a seat. It seems that most customers come here regularly, since most of the people who come in just get a plate and start to serve themselves from the buffet. The buffet is based on an 'all you can eat, pay as you wish'-system and is stated right when you come in the restaurant to the left. Staff members serve everyone who has chosen a place to sit

with free tab water. There is also a possibility to order take-away boxes and drinks, but those have fixed priced. It started out that way; because the founders did not want people to come in and take home tons of take away boxes without paying.

The drinks have fixed prices, but not many people order them since the water is free and we serve it all the time. – Nathalie, founder Der Wiener Deewan

The legality of the restaurant is a business and they also see themselves that way. Next to a business, they also see themselves as a community. The 'Wiener Deewan community', where everyone from every social class, county, etc. is welcome to come in and join.

We are a business, pay taxes and are registered as any other business as well. The people working here are paid employees. And of course we try not to get bankrupted. We are part of the system, we have to pay the rent and gas, etc. but we try to be reasonable and not spend more then what comes in. — Deewan, founder Der Wiener Deewan

Many people come here so regular that they meet here without making an appointment. Many people also come alone, to read something. We have a small library with around 30 books that people can

borrow to read here. But also people with kids come here. It's a place where you can do many different things. It's an extremely vivid place. It has character. – Nathalie, founder Der Wiener Deewan

Besides from having a website, they do not have any marketing activities. When they started, they did not have any business plans or ideas how to run a business. They had one advertisement in the newspaper when they opened and some media coverage that helped them, but it was not something they were really going for. They still don't have a business plan on paper and run the restaurant as it goes. Since they invested their own money and

that of a friend, they also did not need to present a business idea to a bank. They now have some flyers that people can take, but the rest is word of mouth.

I have other researchers from the marketing department asking me if they can investigate our special marketing strategy, but there is no marketing strategy! We had no clue about how to do business. We didn't have a strategy or business plans. This is just how we operate and work. – Nathalie, founder Der Wiener Deewan

The founders say that it depends on what you expect and that it is not a big 'profit-making place'. The first five years

Figure 19: The walls of the restaurant

they did not take out a salary. Since 2010 they have started to pay themselves a salary of 1000 euros per month. Before that, they lived without spending much money and ate at the restaurant.

# 4.3.3 The perspective of the employees and organisation

Nathalie and Deewan are the founders and are running the place. They have 18 employees in total. Many employees work there for a long time. They do not see themselves having a strong hierarchy in the restaurant, but more as a team.

The employees work here now for 2,3 and one for 9 years. They enjoy it here, I think they like the working conditions. - Nathalie, founder Der Wiener Deewan

In a normal shop, you have the owners and the employees, but here it doesn't feel like that. We try to talk with them: 'when you are working here, this is your own place and you take care of it'. We give them a lot of responsibility and trust them. Everyone calls us Nathie and Deewan. This is a team, its not owner-employer. Decisions we discuss with the both of us, when someone else has got a good idea then we do that. If we feel its good for the improvement, then we do that. - Deewan, founder Der Wiener Deewan

Since they are regular employees and not volunteers, they come to work at Der Wiener Deewan to earn money. They like and agree with the concept the restaurant is working with as well and see it as something positive. They also like the variety of people that come into the restaurant.

The pay as you wish is a wonderful idea and a brilliant marketing concept. It's a good idea because I think the world should work in a way that everyone gives what she has and takes what she needs and this is a step nearer to that utopia, if you have no set prices. And then you can see it as a brilliant marketing concept as well. – E1, employee Der Wiener Deewan

I like it because there are many different people here. Different countries, lots of people from Asia and both rich and poor people. Lots of Muslims as well, because it is Halal food. – E2, Employee Der Wiener Deewan

In the beginning it was not so clear how much people would like to pay and how it would work out. It is nice to see how it worked out and that it is vital. A mixed group of people come with different ethnical backgrounds. – E3, Employee Der Wiener Deewan



Figure 20: The front door: Pay as you wish

# 4.3.4 All you can eat and pay as you wish

To new customers the staff explains how it works. They tell them that they can go to the buffet and eat as much as they want. Afterwards they can go to the counter and pay a price based on how much they ate, how much they liked the food and how much money they have. When paying, the customer says what he or she wants to pay and the employee that is around the cashier at that time accepts the amount and gives back change. The customers are asked as well if they ordered any drinks, and if so, that they should include the price of the drink to their food price. As an example, when someone ordered a mango lassi and got some food, they are being asked to pay '2,50 euro (the price of a mango lassi) plus..?'. That is how the

customers can decide for themselves how much they want to pay for the food.

The quality, satisfaction and financial means. These three things should estimate the price they pay. We don't say the word donation. It is not a donation, for some kind of charity. We are not a charity. – Nathalie, Der Wiener Deewan

I tell them that they should estimate a fair price. It depends on how much you eat, how much people have, what you earn. Most customers realise this. They share this point of view. We attract a lot of customers that have a lot of money and are socially aware as well. The most I got was 100 euro. - E3, Employee Der Wiener Deewan

To a new customer, I tell them it is their decision what to pay, that they have to consider what, including the people, including the place, they should think how much they liked it and how much they like the place to survive and how much money they have. – E1, Employee Der Wiener Deewan

They have many regular customers that want to come again and therefore pay a fair price. The average payment is around five euros, which has been the same since when they stared. They got more and more customers, but also the prices for the food went up. One of the

reasons why they can keep up with this stable average is because they have found different ways to cut the cost, as an example by buying large quantities and wholesale products.

They (regular customers) want to come again and pay a fair price. We also have regular customers who pay a very low price, but all together the average amount gives us the change to operate as we do.

– Nathalie, Der Wiener Deewan

There are always ignorant people and people who take advantage, but it is not the majority. The majority has in their mind that if they don't pay enough the place will close down. How else should it go? We are not here to just feed the people. – E1, Employee Der Wiener Deewan

They try to protect their concept and do not appreciate people trying to take advantage of it. This might also be because people do not know how it works. They think it is a charity or that they are working with volunteers. The employees and founders then explain that this is not the case.

When we think that people don't consider it from all the sides we try to give them all the information and say, look, we also have to buy the food and pay for it. People get salary here as well, they don't come just for fun. Some people think we get EU grants, but that is not true as well. People have to explain to themselves how it works, so they try to explain it in some way. They don't believe it can just work like this. I hear them say many times: 'oh, I would pay but I don't know about other people', or, 'where I come from that would never work'. — Nathalie, founder Der Wiener Deewan

We kind of educate people to explain the concept (especially young people) and to make them realise that food is worth something. They have to think about the value. – E3, Employee Der Wiener Deewan

However, when someone has a good reason for not paying they do not push him or her to pay. As an example, they let in beggars as well and give them a plate to eat.

I have a lot of people, who come sometimes and say that they don't have money, we let them eat and then they go. When they come next time, maybe months or years they remember this place. They come and they pay ten euro, maybe fifteen. They are, okay, last time I haven't paid so now I pay extra. – Deewan, founder Der Wiener Deewan

# 4.3.5 The customers perspective

The customers are of all ages. There are a lot of students, especially during lunch hour, but also business people, families with children and parliamentarians. The customers describe the place as being really open, independent and relaxed. They say it is busy most of the time and they like to come here mostly because of the food and because they can decide how much they will pay.

It is more relaxed and free than other restaurants. I think this is normal, and what happens in other restaurants.. it doesn't have to be like that. I like this style. – C2, customer Der Wiener Deewan

The world is not that fucked up as we think. They give students a chance or people with less money to eat well. People who have more money they pay more. – C10, customer Der Wiener Deewan

It is a good communication area, people are talking a lot. You get in contact with strangers. We talk to other people easily and much. You share a room and a table, so it is easy making contact. - C6 and C7, customer Der Wiener Deewan

The food is fresh made, delicious and healthy. I am vegan, so it is a good opportunity. – C1, customer Der Wiener Deewan

Most customers interviewed come at least one time a week and are therefore regular customers. They like the place, especially the food and want to keep the place running to be able to keep eating affordable food. Most of them say they pay a price around five euros, because they think that is fair. Their reasons for choosing a price are usually based on how much money they have, their social position ('I am a student'), how much they are and if they liked the



student'), how much they are and if they liked the Figure 21: Customers sitting in the basement food. The latter is almost always the case. Some also say that it is not totally free to decide how much you pay, because there is some kind of social control.

For me it was an input to think about how much it is worth. Not just to consider the ingredients but also rent and electricity. You have to think about what the cost is to produce the food. Other people just pay two euros, but then they don't consider everything. I pay around five euros. I am a student, so I pay less. I think they make a bit of profit out of it. I usually see people paying around 5-6 euros - C8, customer Der Wiener Deewan

My friends decide on how much they eat and how much they have (moneywise). It says pay as you wish, not pay if you wish, so you have to pay as least something. – C10, customer Der Wiener Deewan

You cannot pay zero here, you have to pay something. They ask you how much you want to pay. There is no box or anything; there is some kind of social control, because they ask you. – C9, customer Der Wiener Deewan

On the question if they feel responsible or in any way 'participating' in the restaurant, because they can 'pay as they wish', the responds is mixed. Most people feel responsible and want to help the concept, other see it as just a regular business where they are not part of.

I feel participating, because I pay something and I help to work out this concept. I ask other people to come here as well, and in this way I help. – C1, customer Der Wiener Deewan

But it (the PAYW) is also more open and it feels more open, and you can just walk behind the buffet, get water. It gives an invited feeling, and it gives more responsibility... You think about how it is working with the PAYW, so I feel a little bit of responsibility. – C5, customer Der Wiener Deewan

I don't feel responsible as anything in capitalism. They do it to get money. Like everybody does in capitalism. They need it otherwise they can't survive. 'There is nothing right in a wrong system.' The only difference is they don't get as much money as possible, but they still try to get money. I am sure the entrepreneur behind this restaurant earns a lot of money. If you don't pay 5 euros they shout after people. – C7, customer Der Wiener Deewan

Sure. I feel responsible. If I wouldn't I would just pay 2 or 3 euros and say I am a student. I definitely want to sustain it. You have a social compensation. - C8, customer Der Wiener Deewan

# 5 Analysis and discussion

'We are driven by self-interest, it's necessary to survive. But we need wise self-interest that is generous and co-operative, taking others' interests into account. Co-operation comes from friendship, friendship comes from trust, and trust comes from kind-heartedness. Once you have a genuine sense of concern for others, there's no room for cheating, bullying or exploitation.' – Dalai Lama

On one hand, the three cases can be seen as very different from each other since they are in different places in the world, are operating in different establishments and are using different kinds of participatory pricing systems. However, the big similar value between the businesses is trust. This does not only show in the fact that they let the customers decide their own price and trust them to be fair, but all the businesses also give their customers much more freedom compared to other businesses in the same sector. At café TRUST, customers can put the money they want to give in a box that is stated on the counter, and even get their own chance as well. At the hostel, the box with the donated money is present in the living room. The guests are often in the hostel and have access to the key of the place as well as all the rooms whether the owner is home or not. At Der Wiener Deewan, customers are free to walk around the buffet next to the counter. The business show trust to their staff as well by having a flat organisation rather than a hierarchical one and they carry this all out with having a humanistic vision in mind rather than a financial one. The table below summarises the three cases.

	Business type	Facility	Goal	Participatory pricing system	Reciprocity
Café TRUST	Foundation	Café	To be happy for no reason, spread love and joy	Pay as you feel	Circular
Not Another Hostel	In the process of becoming a non-profit	Hostel	To show hospitality and pay it forward	Pay it forward /donation-based	Circular
Der Wiener Deewan	Business	Restaurant	Welcoming everyone at the table	Pay as you wish /set price	Circular and direct

Table 8: Summary of the cases

### Goal

Their visions are humanistic rather then aimed at maximising profit. At café TRUST, the aim is to be happy and to spread love and joy. Not Another Hostel preaches hospitality and Der Wiener Deewan wants to give everyone a place at the table, no matter what social class they are from. The businesses do not measure success in financial goals but rather in social impact.

Most companies have visions about something different than earning money, but most of them still have making profit as their number one goal. The investigated businesses that work with the participatory pricing have profit not as their number one goal, since they do not and can not control how much money will come in. Their true goals can be seen in the business settings themselves and are confirmed by their guests and customers.

# Participatory pricing system

At café TRUST, the payment system is really open and not (socially) controlled at all. They let customers decide how much they want to pay based on how they feel. They explain this by asking them to pay from their heart. It makes customers think about how much the food is worth to them, but they also compare it to other likewise restaurants. At Not Another Hostel, guests are not allowed to pay or donate before they leave. It works on a pay it forward system and the guests pay based on their experience and how much the price would be at a 'normal' hostel. Der Weiner Deewan asks guest to pay as they wish for the buffet, but they have some set prices as well. Customers pay based on how much food they had, how much they liked it and their economic wealth.

The big difference between the business cases and regular businesses is that these businesses are giving unconditionally. Customers or guest do not have to pay back. Therefore, they do not pay because it is required by rules and an external motivation. They pay because they want to or feel a social or moral obligation towards the person to show their gratitude. Giving back thereby comes from an internal motivation.

# Reciprocity

At café TRUST, they see giving and receiving as one. Not Another Hostel says that 'if someone does something nice for you, you do something nice for someone else as well'. Der Wiener Deewan's perspective is that they give people something when they come in, and they get back from all of them together rather then expecting something from every individual customer in return. This all is in line with Mauss' (1923/2002) description of the Kula-ring and Baym's (2011) description of circular exchanges of gifts to bring more people into the community. The reciprocity at Der Wiener Deewan is immediate as well, since both drinks and take-away's are based on a set price.

Relationship marketing promotes establishing embedded relationships with consumers to increase their loyalty. Having a circular reciprocity establishes relationships and brings more people into the circle as well, because a gift has worth and establishes a relationship (Hyde, 1979). As soon as you directly pay for something, the reciprocity is immediate and there is no relationship established. The gift becomes commodified and loses his value to foster a community (Hyde, 1979).

# 5.1 Not another relationship marketing tactic

The main questions of this research are related to the proposition if the businesses are using participatory pricing as a relationship management tactic or if they could rather be seen as part of the gift economy. From all of the three cases it can be concluded that they are not using any relationship marketing tactics. They do not have any marketing strategies and their reason for choosing to work with participatory pricing is humanistic one, rather than using it as a promotion tool to maximise profit. Their values do not fit the ones of the market economy but seem largely in common with the ones of the gift economy. They operate from a different perspective and although they do not actively or knowingly practise relationship management, the social outcomes of their business practises are arguably the results that relationship managers would like to see.

# **5.1.1** Participation of customers and employees

When looking at the definition of relationship management it shows similarities to the practises and outcomes of the business cases. Relationship management has been said to entitle the development and maintenance of relationships, such that it should benefit both the organisation and the consumer (Noble & Phillips, 2004). To implement relationship marketing tactics into a business model, both client orientation and a high degree of concern for employees is very important (Iglesias et al., 2011). Businesses should focus on anticipated benefits, involvement, commitment, frequent purchases and dependency (Ashley et al., 2011). These aspects can all be find in the business cases: Both the majority of their customers and the staff feel committed and involved and they are dependent on the business for either a place to sleep, a relaxed place to work, socialize and eat. Customers also feel part of the concept and want to help to sustain it.

The businesses all do not use marketing or marketing strategies. This could be explained by the fact that (aggressive) marketing is an invention from the market economy, started in modernity (Zineldin, 2012). Marketing advertisements are mainly used to create a need and therefore having customers buy products or services, which is based on consumerism and maximising profit. These businesses are based on sharing, participation and trust. They are giving gifts, and therefore they see no point in doing marketing. They do not have the aim to create a certain need in people to make them buy something.

The argument of Choo & Petrick (2012) about relationships being enhanced when customers interact with other parties such as other customers and the owner is showing as well in the businesses. In all of them there are cases where people found new friends. The businesses also do not see themselves (only) as a business, but as a community as well. This all relates to Mossberg's (2003) description of a setting that is 'often designed to encourage social relationships between customers and serves as a natural meeting-spot for members of a certain sub-culture, which may result in future friendships or (momentarily) increased satisfaction'. He advises to use this kind of setting in relationship management practises. The participation also undermines the clear distinctions between certain hierarchies in

organisations and adapting to this means to shift toward seeing customers as relational partners instead of a revenue stream (Baym, 2011). In current practises of relationship management, it can be argued if the latter is still more the case.

The businesses show trust to customers by letting them decide the price and thereby involve them in the business. Asking a set price will change the relationship, because it is set from a perspective of having control, rules and regulation and does not show trust. A gift offers the possibility to establish a relationship (Hyde, 1979) and a bond between groups (Ashworth, 2013). Leaving it up to the customer to pay from a perspective of trust leads to the fact that the customers have to think about what to pay and forces them to participate, which leads to involvement as well. The same goes for the employees. According to Zineldin (2012), employees should believe in the messages and communication strategies of the firm to be able to show this to customers. At the business cases, the employees or volunteers are treated as being part of the team. They do not have a hierarchical organisation and employees have a lot of freedom and responsibilities they are trusted with. The trust the businesses show thereby leads to openness, equality and shared responsibility.

### **5.1.2** Interaction between market and gift orientations

Although Zineldin (2012) advises businesses to integrate relationship management strategies into in their whole business, currently it is seen as part of a business model rather then a strategy to use for every part of a business. In Café TRUST and Not Another Hostel, the concept of trust is integrated in the whole business. It is not just a promotion or a part of the organisation that shows in their participatory pricing systems. At Der Wiener Deewan it is partly integrated into the whole business, since they still have some set prices as well. What applies to all is that, although they do not have any intention to consciously implement relationship-marketing techniques, the outcome of how they do business leads to an atmosphere of trust where people feel very bounded and committed to the business. Relationship management tries to establish this as well but with a different intention. The businesses also prove Zineldin's (2012) view of that today's customers are not interested in companies that are just trying to control a market.

However, the business cases are still operating in the environment of a market economy, since that is the predominant economy today. To be able to exist and survive they will need a certain income in the form of money. The word 'Pay' in their pricing mechanisms is associated with money and price, although they also accept payment in another form. What Baym (2011) concludes about her business model for the music industry could be compared with the businesses that work with participatory pricing as well: 'The Swedish Model cares about the market economy, and seeks to participate profitably within it, but they are more concerned with building a larger community that will benefit everyone' (Baym, 2011). The gradation in which the different business cases care about the market economy differs, as can be seen in the figure below. Der Wiener Deewan has more aspects from the market economy integrated in their business compared to the other two, since they have build in some points

of control. Although the buffest is based on 'Pay As You Wish' prices, the drinks and take-away's have solid prices. The customers are also asked what they want to pay by one of the employees, which leads to more social control. Furthermore, if regular customers constantly pay very little, they are asked for their reasons for it and being explained that the restaurant cannot survive if they will keep on paying below a certain price. However, in the end the restaurant does not refuse these kinds of customers, since everyone is welcome.

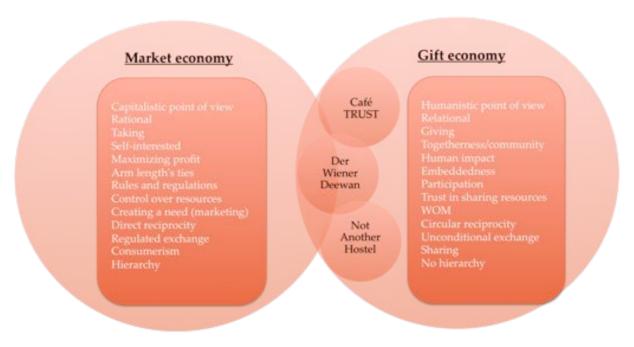


Figure 22: The three cases related to the market and gift economy

# 5.2 The modern gift economy

Now that is argued that the discussed business cases are operating in line with the principles of the gift economy, it can be questioned to what extend they are operating in line with the 'old' gift economy described by Mauss (1923/2002) and the more 'modern' type of gift economy found in more recent researches done by Baym (2011) and Rehn (2001) as well as what 'type' of gift they are giving.

Mauss (1923/2002) is describing the gift economy in his archaic society as a system of obligations. The participants act like they give something pure out of the act of giving, but at the same time, they expect something back as well (Rehn, 2001). The gifts are given in order not to lose face and to receive a status of honour as well (Muhr & Lemmergaard, 2011). It is the feeling of obligation and reciprocity that makes the system of a circular exchange work. Resources are distributed by sharing them with others and circulate around society. However, the researched business cases do not seem to give the gifts in order to not lose face or for some kind of honour or status. The customers are not 'giving back' based on this either, or at least not at Not Another Hostel and café TRUST, since customers are not being controlled or checked concerning the amount (if any) they pay.

Rehn (2001) describes his Internet society as being a Potlatch, which is a gift-giving feast (Mauss, 1923/2002) and Baym (2011) describes her 'Swedish model' as having gift-oriented principles such as the participation aspect that comes from the concept of the gift economy. Just as in these cases, Mauss' gift-system cannot totally explain the businesses working with participatory pricing either. The reason for starting a business based on participatory pricing and willingly choosing to let go of control is possibly the biggest question, especially since it cannot be explained by using arguments from the market economy, such as using it as a promotion. The essence of this question is the same as the well-research question 'why would people give gifts?', if they are not doing this out of self-interest and a calculated cost-benefit analysis.

Derrida (1992), Champetier (2001) and Laidlaw (2000), argue that selfless giving is just not possible. They believe that a 'free' gift does not exist, while meaning that gifts create obligations, people would always give out of some kind of obligation and that thereby giving unconditionally is not possible. It is a perspective that assumes people are, and always will be, self-interested and selfish. This would mean that the founders of the businesses working with participatory pricing would only have started this pricing system with the intention to create social obligations whereby people would feel pressured not by rules and regulations to give back, but by their social moral. However, this does imply that they are working with some kind of planning or strategy, and it already has been discussed that they do not. The question 'why give' could, according to this perspective, only be answered by stating that the founders would have started working with participatory pricing while assuming that they would get back at least as much as they would give, to be able to keep the business running. Thereby, it implies that they are relying on a system of obligations, which is in the end reinforcing Derrida's original argument that giving unconditionally is not possible.

As said before, this perspective is based on human beings not being able to give unconditionally and selfless. But what if they actually are? Welz (2008) argues that unconditional giving is possible if a gift is given out of pure love. She explains the word 'obligation' differently by implying that the obligation is to love limitlessly and to give again, no matter if one receives anything in return or not (Welz, 2008). This type of thinking can be seen back especially in Café TRUST, where the volunteers practise to give out of unconditional love and without expecting anything in return. The café states that giving unconditionally does not lead to the question to get something back or something out of it, but to have no expectations at all. As Welz (2008) argues: 'Giving is a good in itself'. Thereby, the answer on the question 'why give' could from this perspective be formulated as 'to spread love'. Derrida could possible argue against this that, even giving out of love is selfish, because it makes the giver happier or give them 'a good feeling'. He could say that just this feeling could be seen as some kind of 'payback' for the gift and therefore relate it to self-interestedness. However, it can be questioned if this type of 'wise' self-interestedness that is

generous and kind can be compared to the 'destructive' type of self-interestedness that is related to cheating and exploitation. Perhaps they should be seen as two different types of self-interestedness, just as there are two types of gifts. To conclude, from the outside it is hard to see the difference between giving out of pure, selfless love and giving with expecting something in return and only the giver can know his or her true intentions.

# 5.3 A gift-oriented business model based on trust

'Trust is the glue of life. It's the most essential ingredient in effective communication. It's the foundational principle that holds all relationships.' - Stephen Covey

The main question of this research is to investigate how business models in the hospitality industry based on participatory pricing methods work. Based on the three business cases, a gift-oriented business model based on trust will be described. Thereby taken into consideration their best practices to be able to create a 'lively social environment', such as Mifsud (2007) describes, where consumption and production are intermingled into each other (Baudrillard, 1981) as well as to survive in a market economy. To be able to do this, it is important to argue about this business model based from a perspective from the gift economy, rather than the market economy. The figure below shows the principles the model is built upon.

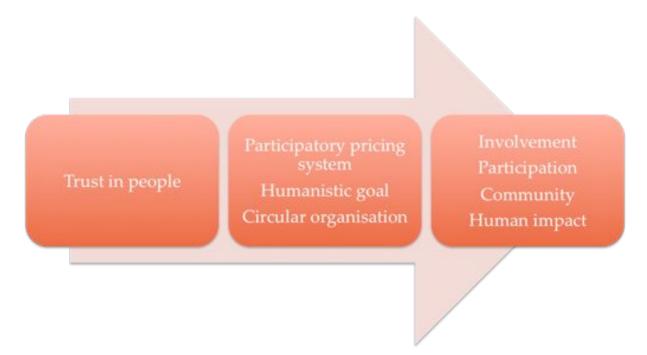


Figure 23: Business model based on trust

#### Goal

Making money is not the goal with this kind of business model. Instead, the goal can differ on whatever you want to create. The purpose is to start a business with a humanistic goal in mind. Either it is to help people, yourself or the world. The secondary goal is to make enough money to survive. The most important value of the business is trust. To trust the customers and staff, but also yourself and your own decisions. Operation from a principle of trust rather than control leads to openness and is the foundation that will lead to involvement, participation, shared responsibility and the creation of a community.

# Organisation

Trust in the staff leads to a circular organisation rather than a hierarchical one. Having trust in the staff means to value their opinions and give them a change to influence the decisions being made. Giving them more responsibility and participation also leads to more involvement. If the staff operates in line with the ideas of the business, it is easier to communicate these ideas to the customers as well.

#### Customers

To operate gift-oriented in a market economy, customers can be shown trust by using a participatory pricing system. A set price does not show trust and does not offer the possibility to establish a relationship. A participatory pricing system works in a gift-oriented way on the conditions of unconditional exchange. It creates a platform for shared responsibility and participation. This responsibility can be triggered by making clear to the customers or guests that the business will survive based on whether they contribute to it or not. People are not used to state their own price, so they must be explained how it works. Explaining why the business works like this is also important, since people usually do not know why participatory pricing is used. Since we live in a dominant market economy, they might think it is just another marketing trick. It is important to make clear what the intention of the business is and on what values they are operating. Next to participatory pricing, it is important to show trust to customers in other parts of the business as well.

### Discussion

Operating on a business model like this in our current economy asks for courage. Not only because you give out control of the price, but also because people are not used to the different values you are operating upon. It is an extremely social, relational and idealistic approach to build a business on. People are used to businesses that are controlling and deciding for them. Not only our economic system, but also the law is not made for this kind of business model. They can operate in form of a usual business, but also as a non-profit or foundation.

It can be argued that, in order for the business model to be seen as successful, the view on money needs to be changed. According to the values of the gift economy, making profit does not mean that something is successful. Rather, social impact such as how many people positively benefit from it and spreading of the ideas could be a basis for estimating successfulness.

# 6 Conclusion

'Kindness in words creates confidence. Kindness in thinking creates profoundness. Kindness in giving creates love.' - Lao Tzu

As Rehn (2001) argues: the point of a complex social web of ritual and traditions becomes moot when everything is decided through an economic model. Our current economic model is reinforcing values of self-interested behaviour and maximising resources and profit, but at what costs? Human beings are not completely rational (Granovetter, 1985) and do not always have to be solely aimed at self-interest (Welz, 2008). Both behaviour and institutions are intermingled in each other and on-going social relations. There is no balance between the two main principles that can be seen in the differences of the gift and market economy. Therefore, we can see a shift values and in how businesses operate and are going to operate in the future. Relationship management acknowledges this already by saying that a relationship philosophy is crucial for future businesses to survive (Zineldin, 2012). We have seen a clash between those different systems and values with the start of the Internet (Rehn, 2001), we can see it happening now in online based industries such as the music industry (Baym, 2011) and the business cases of this study represent the real-life businesses in the hospitality industry that represent an example of this different perspective of 'doing business'.

To be able to get the results they want and say relationship management should lead to, relationship managers should consider how much they still want to control a business and its relationships. To be able to establish 'real' and meaningful relationships with customers, they are forced to let go of trying to control them and thereby trying to maximise profit. This will lead to a shift of operating from market principles to more on the principles of the gift economy. What can be learned from the business cases is that if the humanistic goal will repudiate the financial goal to the second place, it will lead to something that could be seen as the next level of relationship management. A type of relationship management whereby hierarchies are almost none-existent, both employees and customers are completely trusted and seen as participants and whereby the successfulness of a business will not be measured in financial gain but in social impact.

There is a long way to go before our whole economy will shift completely to another type of economy. Whether this will be based upon a gift economy or not, is hard to say and this research has not the aim to propose this either. Since modernity we have shifted more and more to all the principles the market economy stands for. Economic growth is more important than making a better world and money seems to have surpassed human kindness. The economic system decides and affects an increasing amount of areas in our society. These businesses are an example of that it does not have to be that way. They show that it is possible to operate in interaction with the market economy, from a gift economies' perspective. They offer an insight on an alternative perspective on our current business

models, strengthen the argument of Zineldin (2012) in his recommendations for relationship management and provide lessons for (the possible future of) relationship management as well.

# 6.1 Further research

The possibilities for further research are very broad. A more in-depth research about the gift economy and what it could mean for our current economy and society is recommended. As well as a more extensive research on subjects which are related to the gift and market economy, such as the role of money and what it means for both economies. Furthermore, differences in the several participating pricing options were identified and a further in-depth research about one particular participatory pricing system is recommended to add to the limited field of knowledge about it. Starting a business according to the business model based on trust for research purposes could be a very interesting research subject as well.

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# 8 Appendix

The appendix consists of information that has been used during this research. The information is separated per case and includes the interviews, statements and documents that were used. Regarding the interviews, the statements from the interviewed that have been used in this study are written down.

# 8.1 Case I café TRUST

All interviews have been recorded on tape and/or film. The customers are numbered and to ensure anonymity their names are not being displayed. Regarding the founders and volunteers only the first names are used.

# Maarten, founder TRUST

With the five founders we did a consciousness business course. It happened to be that exactly those people also started the café later on.

This place is for me my own development. A place to learn what I am suppose to do in this world. It's a kind of school. First you learn math and science, etc. Now I am learning what my real purpose is in life.

It's a place to unlearn the stressfull ways of live. To be happy for no reason.

The purpose of the money game in TRUST is to see it without the value we put on it. It is just paper strips. Money is a big thing, when you see relationships, everything goes back to money. For TRUST, we do things really upside-down. We do it from the inside. You will attract more money, from the inside. Can you receive money, or can you just give it away? What is the feeling attached to it?

Giving and receiving is a symbol of infinity. Things come and go. Every time you give something you will receive what you need in live. There are no expectations; they will only will work against you. Things happen if you drop all expectations. Expectations are what I want, the small me (the ego), then you forget the bigger one (the source/God/etc.). It is training and training and experience to see what happens if I drop all expectations. What I think I know, I need, I have to do. To drop it all.

If you demolish your ego and you reach your higher self, many beliefs and morals will fall away. You will still keep some in this world, but many will fall away.

Yes, we are running a business. We have a business with a different attitude. It is a business, which will need money to exist, etc.

At the moment it can sustain itself. We don't get a salary yet, but maybe that will come some day. It's a fact we can't do this until our retirement. The café can run, but for us (the

volunteers) we need to find the money to pay the bills. This can come from TRUST or somewhere else, I don't know yet.

The café is already successful. There are no financial or happiness goals. It will change during the process. We don't know what will evolve. But we will follow our intuition and what is needed and see what will happen. Our daily intuition is our plan. We don't have any long-term plans.

It's a business where people work from the inside-out. It's a place where you can discover yourself and things will change around you.

# Hugo, founder TRUST

I see the café as some kind of business, but it feels more like a community.' The sense of togetherness is what will attract the business side of things. The money, the volunteers. We are as well a business.

It is like a school where you can train your mind to be loving all the time. The vision is trust and to be happy for no reason. The guidelines are three things: no private thoughts: share what is on your mind and don't keep it to yourself. The more you share the better it gets.

No people pleasing: Be in tune with yourself.

Don't work with stress: if you feel stressed, say it and take your time out to solve it. Feeling stressed is not feeling happy, and that is what we practise here.

It is a group project and we need each other to make this place work. There are no owners; the only distinction is that we have the founders. We are really careful to not create a hierarchy. It is all equal. In that equality there is a difference between responsibilities. The founders have the responsibility to keep the foundation going. The volunteers don't have this responsibility. We (founders) are very much thinking how we can expand the vision and better the mind training.

We had no background in hospitality at all. No clue where to start at all.

We let go of all the beliefs, such as 'we really need marketing, PR, better coffee ' or other things to make this a success. No. When we begin this place we didn't spend anything on marketing. We just did constellations. We focus on our own mind healing and that will generate the business or give ideas for the business.

The more we heal our mind, the louder the voice of inspiration comes and shows the next step. That is why we do not have any long-term plans, we only take the next step. Business wise, since one and a half year ago when we started it we haven't had any problems financially. Every month enough money comes into the box to pay for everything.

The only interest here is to serve the higher picture, so the self-interest is gone.

Here we want to give love, and we receive that. We want to connect and we do.

We trust the source for inspirations and it will provide whatever we need. We thought how can we practise this most radically and deeply? So we decided to not have prices and leave it all open. So practically we are open for all kinds of misuse, people can just come in and not pay much and then we have to close shop. But we want to test this idea and what we have to do is just practise our mind back to this state of being and the source will provide.

I think that it (customers feeling part of the business) is an automatic result of the way we do our business. It is part of the oneness: How more we practise loving the more the customers notice that as well. Many people say they like the atmosphere, it is nice and peaceful. That is because we practise this state of being as well. Basically we give the customers the biggest present, because we work on ourselves.

Money is a paper strip. I want to see money completely neutral, without any emotions attached to it.

We as individuals can choose between two modes of being: we can go into separation or trust the source and trust that life will take care of life. We will just listen to inspiration and follow.

# Astrid, volunteer TRUST

For me TRUST is more like a community, we really do it together and support each other. I think it is a way of living. I don't only exercise to be happy for no reason at trust, but also outside of it.

I ask you (customers) to feel in your heart what you want to pay, ...what makes you happy to pay. Then I usually tell why we are here for. It is not about the coffee or the cakes, its is about the process of becoming happy for no reason. I also sometimes tell that we want to make love-made food, instead of stress-made food.

We get really different reactions from customers. Some say it is really great and that 'they were looking for a place like this', other start counting how much the ingredients will be and then what the price will be. Some people also say they found it difficult to feel. We are so used to think about money, calculate and analyse it instead of feeling about it.' What I like is that you really give people a change to think and do it upside-down. They are so used to think in the usual way and now you really make them think about it and that there is another way.

Its also how you think about it. If you give when thinking you don't have enough or will you trust and give with an open heart?

Misusing the concept: I don't know. We have a quote on the door that says the best way to see if you can trust someone is to trust them.

A lot of people say they like the energy or the atmosphere. We have the folders on every table that explains what we do.

If something happens in the kitchen we give that priority to making the food or the coffee, because we want to put love in the food. That is also upside-down.

Actually we have no control. We are trying to have the control and do it all by ourselves. That is how so many people do it in the society. You have to listen and follow.

The customers are a projection of our beliefs and patterns. If we are free of projections then we are in a happy flow of money. When you have that state of mind, you will see it projected in the people that come into trust. It is telling more about us then about the customers. If we have certain ideas about money we will see that back in customers.'

As a volunteer if we have an idea or something we didn't like we tell it to one of the founders and they take into the meeting where they constellate how they will make changes.

# Tina, volunteer TRUST

The café is a business.. and something else. It is there in order to heal our mind, but we need the customers. We need this platform to do what we want to do. There is money needed and that is where the business part comes in. The money is needed to run it.

For me it is like a school.

First I show them the menu and I say that we don't have any prices. I say that they can pay as they feel. Pay from their heart. I try to explain that we are all colunteers and we try to work from a place of peace, relax, and we don't want to put any stress in our food or drinks. If we don't feel in harmony anymore we stop everything and try to see what is going on.

Sometimes they do, sometimes they don't. The customers that do get it really listen and say it is really cool.

I wouldn't say people want to take advantage. I think that there are people who don't pay. They will have their reason for it. I don't want to judge them. Usually I don't look when the customers pay. I just say how they can pay and where and then I go do something else. I just want to let them be free and not looked upon.

The customers are a mirror for us. For TRUST in general but also for me individually. Lately I try more to connect and talk to them, because I thought it would not be fair to just see them as customers because they are part of this community as well. I see them as an opportunity to learn as well.

Customers have control in the sense of that they show us how we should change.

Working at trust means for me to expand my boundaries, learning how to see everyone as one. There is no separation. Letting go of my own false beliefs. Seeing a deeper connection with people. And being challenged.

You are working on yourself and you are trying to make coffee and food.

I think if the place still runs, that is success. IF more people want to be part of it it is successful as well. If the idea spreads more and more people are interested in what it is about.

### **8.1.1 Customers TRUST**

#### Customer 1

I feel at home here. I can do anything I want; it is really 'free'. No stressed employees, everyone takes it on their own term. Sometimes we stay here from twelve till six, to work here full day. I get very productive, because the atmosphere is so relax.

I think everyone opening up to the experience and the mind-set is participating in some kind of way. They (new customers) have to get used to it. Everyone likes it (TRUST). You can filter out the open minded people. TRUST is not about money, it is all about the feeling. They put money in less high regard than emotions. I let go of the idea of money all together.

Its really clear where it is about. They tell you where it is about. But you need to be open minded as well. Some people don't get why the orders take longer.

#### Customer 2

If you are hungry, you might have to wait a long time but that is no problem. You accept that they are just relax about it so you get relax about it as well.

### Customer 3

It feels more free, because you don't have prices. Being at TRUST is like sitting in a train. You can't go faster or slower, you just have to wait until you arrive at your destination. You accept that you don't have control.

I pay different every day. I decide on how much money I have myself and how I feel.

# Customer 4 and 5

Sometimes customers complain about the waiting time. There was a situation, where the volunteers explained to them why they had to wait. This was recorded.

The kitchen is a symbol for our mind training, so it is secondary. It is the other way around. It is our backdrop for mind training. It is for you (the customers) too, because if we heal our mind we heal the whole. You are being affected by it because we are all linked together, so it

is also your mind healing. You will get opportunities as well, as in this case to practise patients. (Gunver, volunteer TRUST)

TRUST is here for the people who are working here, not only for the people who come inside. We provide therapeutic challenges. – C4, Customer TRUST

The way they look at things is really upside-down. – C5, Customer TRUST

### Customer 6

The last 20-30 years the society has changed in believing that profit has to be something really important. Here, I get the feeling that it doesn't have to be that way. And that is something that makes you wonder as well, about how to pay and think about it. That is what I like about coming here, because it makes you think about things that we see as 'usual', that don't really have to be seen as usual.

In our current economy some people made us believe that some things have to be important, like making profit, and we all fell for it.

The last 20-30 years it has to become normal that, e.g., banks need to make profit. No, you can also think like that bankers need to take care of the citizens, because they trust their money with them. The whole idea that this is supposed to be normal is something that is challenged here, at this café. I don't think that that is their intention. Their intention is to do things a different way, but the side effect is that you are thinking about how it is now.

I think it is really good to think about the fact if you need to make profit to be successful. And making profit can be seen as important, but all the hidden cost for environment etc. is not being looked at. The question is to see if it is really important to maximise profit. This café makes you think about it.

How much I will pay depends on my mood, it's different every time. I think about what it will cost at other businesses as well and then I add what I feel about it to the price.

When I go here, I take the time, because I know I might have to wait. It is funny, it is a different mind-set. If you go here, they tell you their story and you know you shouldn't be in a hurry, what I see as a really good thing.

# 8.1.2 TRUST FB page 'Business is the new community' note:

Traditional companies might say: "It is all about the customers!". We at TRUST counter with: "No! It is not at all about the customers, it is all about us!". That 180 degrees change of perspective is what makes us believe that 'business is the new community'.

To further explain let us first provide a definition of business and community. With 'business' we mean the traditional form of business that is focused mainly on achieving

financial gain. With 'community' we mean the traditional form of (religious) communities focused on introspection, devotion and spiritual practices.

It is safe to say that there has been no strong connection between 'business' and 'community' when using these traditional descriptions. You could say 'business' was located on Wall Street and 'community' was miles away in the Himalayan mountains.

Not so at TRUST. We are a community operating as a business. And within TRUST the community aspect comes first, and the business aspect follows.

We are a 'community' because we are focused on our own personal healing and transformation. TRUST is a place where we watch our thoughts and openly share how we feel, even if we are experiencing 'negative' emotions such as anger, irritation and/or sadness. By openly sharing our negative thoughts and emotions we are releasing (unconscious) guilt and anger. As we do this on a consistent basis we move closer to the goal everybody at TRUST strives for: To have peace of mind, and extend love and joy all the time.

The business aspect is only there to provide us with more opportunities to practice the community aspect. We use all the tensions and old ways of being that naturally arise when working together with colleagues and interacting with customers. We use these tensions to achieve a deeper experience of our purpose.

So TRUST is not your ordinary workplace at all. Yet with our focus on the community aspect we can see the stress levels dropping and all of us at TRUST becoming happier each and every day! As a result the business side of things is flourishing. We are receiving abundant financial resources and more and more requests of people who want to volunteer at TRUST; allowing us to open up and expand even more.

### 8.2 Case II Not Another Hostel

All interviews have been recorded on tape and/or film. The guests are numbered and to ensure anonymity their names are not being displayed. Regarding the founder only the first name is used.

# Jon, Founder Not another hostel

When I was hosted so many times around the world.. I always asked like, how can I repay you, what can I do? And they are always like, oh, just help someone else out in the future. When I was done traveling and wanted to settle down in Pittsburgh I was thinking about how I could repay that or what I could do, so that's how I started up this hostel.

People who want to pay and can pay, mostly do it. People who cant, they don't. It is cool that is allows to make travel assessable for everyone. That is what I think it should be all about.

That is what Argentina was about. Travel is a huge part of our human nature and it should be assessable to everyone. That is kind of what I want to do with this donation-based hostel.

I wanted to do it for free, but I need to pay bills as well. I did some research and found a donation-based restaurant in Colorado. He actually makes more then he would make if he would charge money. So I wanted to try it like that. It doesn't exactly work like a restaurant, but I definitely make enough to pay all the bills.

I rented a house and found a landlord who was fine with me hosting people. There is no regulation, because I don't charge people. Its just like having friends over who help pay the bills.

Right now it is not registered as a non-profit, but it is in the process of it. I don't need to do any extra administration for now.

There was another hostel in Cincinnati, stared by a friend of mine but he got tired of it and (temporarily) stopped.

The philosophy of pay it forward is about if someone does something nice for you, you do something nice for someone else. Its what I wanted to do when I stared this. The currency is giving a nice thing to someone else in the further. If everyone will do that, the world will be a much better place. Its like karma, but realistic karma. That you give something that karma is eventually coming out and so it gets better for everyone.

In terms of money, all the donations that come in for this month will help pay the rent for next month.

I don't see it as a business, because I don't take any pay check. If I would take money from it would fail, because not enough money comes in for that. For a business based on volunteers it would work. It is set up as a non-profit business, where people who help out don't get paid. Maybe it could work to make a living out of it, but I don't think so.

The goal is to spread this goodwill. There are a lot of charities that help out, but they always have a religious purpose. I don't want to push people into that and just really help them out. Show people love and hopefully inspire them. In the guestbook you can see that back. The realistic goal is to provide housing to people who need it, but the long-term goal is to inspire people to go back home and do something similar, to help people when they are able to.

There are also people who make misuse of it. At the end of the day, I really take it as a personal challenge to love them no matter what. I don't want any to make them feel guilty to pay anything. Everyone can love their neighbour, how easy is that, but loving your enemies, that is really true love. So I take it as a personal challenge to do that. I still remember all the people that showed hospitality to me and that I wasn't contributing anything at that time. I send them a case of beer now, with, hey this is Jon from like eight years ago... I have met

people who do that as well. The first guest I had actually send me a donation two years after, while saying, I couldn't pay you back then but I want to pay you now, and that was really cool. Hopefully it inspires people if they don't pay.

We value things based on how much money you pay and we feel entitled to it. It gives a lot more confrontation. The person selling it is responsible and the person buying it has the entitlement to complain, etc. With the donation thing I make it a point that people cannot donate money until they leave, even if you want to. I really want people to donate anonymously, so that the time that we spend together is unspoiled and it is really that we are just friends. I am not trying to be nice to you just to make money. That is the social contract. I made a lot of friends and that is kind of the point. Not seeing them as a dollar sign. I just view it as if it's a contribution or an optional thing for staying here and it's not me just charging them. Its not that I am a hotel owner and they are a client. Its totally different.

Successfulness: I don't know what I envisioned back in the day. It is wildly successful if you see it as me just having 2000\$ and starting this up. I anticipated a lot more terribleness and people trashing my house and stealing stuff, but it has not been like that. In that sense it is way more successful then I thought. I had to kick some people out though.

My plans for the future is to start up a homeless shelter as well. I want to buy two houses: one will be the hostel and the other the homeless shelter. To get homeless people, to help them as well. All the donations from the hostel will contribute to the homeless shelter as well.

If there is not enough donations to pay for the rent, I will do it. In the winter I had to add some money to the rent, because there were not many guest. In summer there are always more.

The Carnegie Mellon University did a research project on the hostel, to see what makes people donate more or less. They made two letters for guest, one was more pushing to donate money and the other one very relax. They also measured the time I spend with guest. The result was that the difference in letters did not lead to a significant difference in donations, but the time I spend with guest did. Guest interaction, if people can put a face to a project really leads them to contribute more.

Short-term guest usually give more per night. If people stay longer, like for a couple months, they usually give less per night.

I think the number one thing you need to determine is if people are good or not. That form your whole reality. Because if you think that people are good, you are going to treat them differently. If you think people are bad, you are not going to treat everyone as nice as you would. I think that me trying to exude this goodness and helping people and going beyond and above to help them will inspire people to think that people are good and that not everyone is terrible. There is some good in this world. People have the right to be sceptical.

You are going to stay at some strange guys house. You have to trust me. It is very easy to see that the world is bad. It is hard to prove the other side to people, but I try my best.

The base line of hosting people for free shows this a little bit. I like to do a lot of stuff regular hostels don't do. I like to take guests paragliding, drive them to the airport if I have time and am up for it, hanging out with them outside or in the house, that is what I love about it. Try to help them more then they expect. The dogs are inspiriting too. It's a lot of work, but I try to love them as much as I can.

# **8.2.1** Guests Not Another Hostel Guest 1

I just did a Google search for Pittsburgh hostel and it was the fist and only one that showed up. I really enjoy it. I think it's a great fucking idea. It will be nice if this kind of situation could grow. Generally you would assume that hostels are for younger travellers, that are trying to get by on limited funding. And here, at Jon, they are just like; we take whatever you will give us. The fact is that he is a very welcoming host, I enjoyed it.

This hostel is very personal. It is very easy to just come in and match well with the other hosteller. It feels like everyone is friends already, and I think that is because of the owner as well, because of Jon.

I have no idea how much I will donate. I will just open my wallet and see how much cash I have. The other hostels I stayed in were about 20-25 euros a night. So... I have no idea. If I had gotten a negative experience I would have given less. I had an awesome experience here. I wont let other hostellers effect how much I will give. Jon cannot control how the people are that are coming in. He can just be himself and hope that attracts other good people.

I would recommend my friends to check this place out, to participate in, as a little experience.

Yeah, I feel like having some control. If there are three-four groups in a row where no one donates... it will be hard to sustain this. We take up a lot of utilities. To me making a donation to me feels mandatory, because of the great time I had. I want to donate some money.

#### Guest 2

I found the hostel on Airbnb. I thought it was really interesting, because of the pay-it-forward and the hammocks.

I like it. Mostly because of the people. Jon is a great guys, and I met you guys (the other hostellers). I felt really welcoming. This hostel really feels like a big house. Other hostel might feel a bit unpersonal. I would not get the same connections as I get here.

I would look how much I will pay somewhere else and the experiences I would have here. I wish there were more hostels like this.

I feel like participating yes, because we help continue the project. Control will be me taking over the hostel, I don't feel like that.

## Guest 3 and 4

We came here just for one night, we are on a roadtrip. We found the hostel online and decided to stay here. It's the only hostel in Pittsburgh.

We went with another hosteller to a danceparty. It was great. The hostel has a really nice atmosphere. Even if we are only here for one day, it felt like a home

We looked at prices of other hostel, and that is how we decide how much to donate. We don't see it as an experience that much or that we have control over it, but I think that is because we only stayed one night. But we understand that if no one donates the place cannot sustain for long.

#### Guest 5

I stayed at the hostel for two weeks. I was looking for an apartment in Pittsburgh. I absolutely loved it. I didn't understand it as first. It was completely different then any other hostel I had ever been to. It was the first donation based hostel I had ever been. It is almost as if you are just a friend crashing there and not really a guest.

It felt more similar to couchsurfing, expect you are there with a bunch of people that are staying with that person. There is a much greater degree of warmth, familiarity and kind of a more relaxing atmosphere. The biggest difference for me was the lack of a barrier.

Normally, the person that runs the hostel it this person in some position of authority and you are a guest. With Jon it was kind of equal. There was much more a sense of doing something for Jon and the hostel, the want to do something extra. Partly because it was donation based, because of Jon and I was moving to Pittsburgh as well.

Because they are doing you a favour and so you want to return the favour and be kind back to them.

I bought some things for the hostel when I was staying there. I really felt at home. It got to a point that I was almost feeling I was one of the people running the hostel and greeting new people. It was really cool.

I think the pay it forward idea is fantastic. It is kind of one of those idealistic ideas that I love. It fosters kindness, and I think that is one of the most important things in the world. The world could always do with more kindness. It really puts a sense of responsibility on yourself to be a kind person and to go out of your way to be kind. There is no kind of

obligation that if you want this you have to pay. There is no external force, so it comes from inside of you to give back.

In a commercial sense it does the exact opposite in the sense of fostering kindness. In fact, it removes the complete human nature from it. If you have to pay for something you don't really care how you act towards that thing. If you pay money for something there is this sense of expectation and entitlement. The pay it forward completely strips away this entitlement. You are not entitled to anything, you don't have to give anything. And so if you do, it is through this person's own heart and that is great.

On a practical level I am not sure about the idea. I have seen it work and not work. Sometimes Jon also has to pay it out of his own pocket, if people do not donate. To keep it running. There is a delicate balance between the idealistic nature of it and the practicality of it. If you can strike that balance, that is a great thing. But the ideal would be to be always pushing to that pure form, towards that pay it forward model.

I met Jon through a friend, so he literally refused to let me pay for the hostel. I wanted to give back, so I got a doormat and a shoe rack and was a helping hand for hem; to introduce guest, give them a tour, hang out and did what I could to help out. If I was able to donate money, honestly, the less he asked of me the more I wanted to donate, to give something back.

There sort of is an obligation to be kind. The more someone gives to you, the more you feel you have to give back. Not in a cold way, but it's kind of a social obligation. It does not necessarily feels like on obligation, but it depends on your background as well.

For me growing up in an Asian family, this sense of social paying it forward is extremely important. If someone is kind to you its important to recognise that kindness and react to that. Jon was so kind to me so if I would not do anything in return I would feel guilty. But that guilt and obligation comes from within rather than an outside force. Like in a restaurant, you will be in trouble if you don't pay.

Also to be kind to the other guest, to show them a good time. The better experience his guests have the more it reflects on Jon and the hostel as well.

## **DEVELOPMENT NEWS**

## Pittsburgh's only hostel now open in Lawrenceville

ANDREW MOORE | WEDNESDAY, JULY 18, 2012



#### COMMUNITY, DEVELOPMENT, ENTREPRENEURS, INNOVATION, SOCIAL INNOVATION

#### **LAWRENCEVILLE**

Pittsburgh's first hostel in several years is now open in Lawrenceville. Yet the establishment's name, Not Another Hostel, offers the first clue that it's slightly unconventional.

A project of John Potter and Steph Bercht, the hostel operates on a donations-based, pay-it-forward model where guests are encouraged to support the initiative with contributions, but aren't required to. Because, as Potter says, your stay has already been paid for.

Potter says the idea for Not Another Hostel developed during the course of the couple's own travels, informed by both good and bad hostelling experiences. But the pay-it-forward model grew from a question Potter had been truggling with: Are people basically good, or not?

"In our last trip, we just had an overwhelming amount of people who would invite us into their homes, complete strangers, and I finally came to the conclusion that yes, I am positive, people are good," Potter says. "And I wanted to show that and pay back what I was given."

The hostel's location is not available over the internet (it's about a block from the Children's Hospital, Potter says), and potential guests are vetted through their social media presence. The website provides a contact form and a direct phone number to reach Potter.

Potter admits the current experience is something between couch surfing and hostelling. The three-story home can accommodate up to 4 guests (comfortably), and features an information desk with maps and guides, basic amenities, and loaner bicycles.

Potter says the <u>Pittsburgh Hostel Project</u>, which is still seeking to re-establish a traditional hostel in the city, has been supportive of Not Another Hostel. The city's last hostel, Pittsburgh International Hostel, was located in the Allentown neighborhood, but closed in 2003.

In the past two weeks the hostel has hosted around 25 guests, with visitors from Europe, Asia, and South America. About half have paid for their stay. But Potter says that's not the point.

"It's really about hospitality as it should be, and not just about making money," he says.

Writer: Andrew Moore

Source: John Potter

## **FEATURES**

## **Reddit saves Not Another Hostel**

AMANDA BLOOM | WEDNESDAY, OCTOBER 29, 2014

AMANDA BLOOM





#### MOVE TO PITTSBURGH, MY IDEAL WEEKEND, SOCIAL INNOVATION

#### LAWRENCEVILLE

Jon Potter is a giver. The 24-year-old Pittsburgh native has been running a pay-what-you-can hostel out of his three bedroom Lawrenceville apartment for the past two and half years, often hosting up to five guests a night. If you stay with him, he will probably buy you a beer, ask you (in one of six languages) intriguing questions like "If you had only one song to listen to for the rest of your life, what would it be?" and take you for a paragliding lesson above Phipps Conservatory, pro bono.

This past spring, Potter and his friends were instrumental in helping save the beloved Pittsburgh sandwich shop Mama Ros' with a \$3,000 Indiegogo campaign. He's a mentor at Big Brothers Big Sisters of Greater Pittsburgh, and he recently took in Luther Percival Vandross, his ill neighbor's sweet, gangly Bernese Mountain Dog Rottweiler mix. He's writing An Autobiography of the World, a collection of sentence-long philosophies gathered from everyone he meets. Oh, and he's also about halfway complete in his endeavor to speedfly from the Seven Wonders of the World, having jumped from Machu Picchu, the Great Wall of China, and Petra, Jordan, with nothing more than his fabric wing.

## **Paying It Forward**

Not Another Hostel (NAH) was born after Potter was "treated like a king" while hitchhiking with his former girlfriend through Tierra del Fuego in 2011. According to Potter, an ancient Argentinian law requires locals to feed and house travelers, and the people in Tierra del Fuego actively sought out him and his girlfriend as they rambled about the archipelago. They were invited to stay in a farmer's guest house for a few days, where their arrival was celebrated with the slaughter of a cow and a festive party.

This generosity compelled Potter to pay it forward when he got back to the States by opening Pittsburgh's one and only hostel. There was surprisingly little red tape in doing so- Potter's landlord supports the hostel, and when he inquired about legal matters with Pittsburgh's zoning department, Potter was told: "It sounds like you're just having a lot of friends over."

At NAH, guests have access to all the amenities you'd find in a modern, cozy apartment, and sleeping arrangements range from anything from a hammock to a pull-out couch to a futon. The suggested donation is \$25 per night, but Potter is adamant about the "suggested" part, and he encourages alternative forms of payment- food, blankets, time spent helping out at The Red Door, the soup kitchen where Potter volunteers every week. About half of his guests donate nothing, and the other half donate between \$10 and \$20 per night. The most he's ever received was \$100 for one night– from a card-counting blackjack player. Potter framed it, then had to use it to pay the water bill.

NAH is the first result when you search "Pittsburgh hostel" on Google. A few results down is the <u>Pittsburgh Hostel Project</u> (PHP), an organization that started around the same time Potter began working toward opening his hostel. In October 2012, PHP Director Anne Marie Toccket wrote an editorial in the *Post-Gazette* of the project's plans to open a \$1.1 million hostel in the city by the close of 2013. A year later, no such hostel has materialized. Potter opened NAH with \$2,000, and he officially began hosting guests in the spring of 2012, sleeping on the floor for the first week so that his guests would have a comfortable place to lay their heads while he acquired couches and mattresses.

Since then, Potter has taken in travelers from all over the world. Guests have included Jean-Gratien Uwisavye, a Rwandan genocide survivor, motivational speaker, and founding member of the Africa Healing Exchange who showed up at the hostel at 7 a.m., bottle of wine in hand. – to "Crazy Will," a homeless guy who claimed to have invented the hipster trend and shunned microwaves "because the Nazis invented them."

"It's always the Will in the world that's going to ruin it," Potter said while seated at his kitchen table this past September.

### The Gift of European Plumbing

It's easy to take from a person as generous as Potter, and this past summer, a series of guests he refers to as "mini-Wills" left him feeling burnt out. Potter brought his fatigue to his favorite website, Reddit. A global online community meets news site meets forum, Reddit is organized by topic into subreddits, which range from "funny" to "DIY" to "Politics" to "Explain Like I'm Five." On a Tuesday evening in June, Potter started a thread in the popular subreddit "Ask Me Anything" (AMA), encouraging other Redditors to inquire about his experience running the hostel. He received hundreds of messages and comments, and dozens of people expressed interest in opening their own branches. Potter's faith in the project was ultimately restored when someone shipped him a bidet after learning his biggest expense is toilet paper.

"[...]you guys saved me," Potter wrote the following day on his AMA. "I was so incredibly depressed last night after a hard week of guests, and I was ready to shut down this hostel. You have all been so helpful and encouraging, and helped me re-learn that people are so good. I cannot thank you all enough."

Since the AMA, Potter's spirits have remained high. He's coaching a Chicago resident on opening a hostel there, and he's being coached himself by a fellow Redditor who works with nonprofits and charities. Potter's vision is to go international with NAH, and he's looking to attain 501(c)(3) status in order to do so.

Cincinnati is also home to an NAH branch. It's operated by Potter's best friend, Alec Tamplin, and his roommate, Amir Gamble. Tamplin and Potter grew up together, and they affectionately refer to each other as cousins.

"The summer of 2013 I went on a road trip from Cincinnati, Cleveland, Pittsburgh, and then New York City," Tamplin wrote in an email. "While I was in Pittsburgh, I visited with family and stayed at Jon's hostel. I was left with such an immediate impression, we got to talking about starting one in Cincy."

After a few months of house hunting, researching zoning laws, purchasing insurance, and building their own bunk beds, Tamplin, Gamble, and another roommate, who has since moved out, opened their hostel in October 2013. Tamplin says it's been a great year of hosting, and Gamble finds the NAH model to be 100 percent sustainable.

#### Not Another Hostel, 2.0

A new NAH website is being built with expansion in mind. Potter explained that the new design will be similar to the hospitality exchange websites <u>Couchsurfing</u>and <u>AirBnB</u>. Guests will be verified through a Facebook or LinkedIn profile, and from there, they can stay at any NAH location. Reservations will be made quickly and easily on the site (currently NAH administrators send out emails with confirmation, directions, etc.), and setting up an account will be free.

That's a big difference between NAH and networks like Couchsurfing and AirBnB-- there's no obligation to pay. (Hosts and surfers are verified on Couchsurfing for a \$25 annual fee; AirBnB hosts set their own rates.) Potter says the exchange-- or absence-- of money involved with these sites affects host-guest expectations.

"Since [Couchsurfing] is totally free, and it's actually rude to offer money or to take money, there's a huge expectation that you have to hang out with the host or you have to prepare them a meal or buy them a drink or something," Potter explained. "[NAH] could be like a professional hostel where you don't have to interact, you just have your own space, but the option is still there if you want to go out and hang out with me or my friends or other guests."

"AirBnB is on the other end where you're paying money. In my experience, normally it's very reserved, and you just have your own space. You don't really hang out with the host because it's kind of weird-- you're giving them money, and that makes it a little too professional. So [the hostel] is a nice in-between of Couchsurfing and AirBnB."

Both Potter and Tamplin agree that the biggest challenge in running their hostels is keeping up with cleaning and organization. There's always laundry to do, toilets to scrub, and floors to sweep. Rent, utilities, and supplies are generally covered by donations, and there's no pressure or intention to make money from their endeavors in hospitality. (Potter makes a living as the owner of Pittsburgh Paragliding, Tamplin works at a law office and a bike shop, and Gamble is studying creative writing at the University of Cincinnati.)

Time and energy are the resources most important to NAH. Tamplin said he and Gamble will be taking some much-needed time off from hosting in the near future, and Potter's burnout this past summer makes sense-- he runs the Pittsburgh location on his own while doing all he can to move NAH forward. He's had partners in the past, but they haven't stayed on long-term. Potter's most recent roommate fell in love with a Colombian guest and went back to his country after only a few weeks of living at the hostel.

And though very much a people person, Potter considers himself an introvert, and he needs a fair amount of time outside of the hostel.

"I understand alone time," he wrote on his AMA. "I try to gauge where someone is at and interact with them accordingly. Some of my favorite times were just watching *Attack on Titan* with a guest who doesn't like talking."

Despite clogged shower drains, disappearing toilet paper, and microwave-boycotting guests, Potter continues to believe in the decency of humankind and the premise of paying it forward.

"You have every right to be skeptical," he writes on the NAH website. "In a world plagued by violence and evil, it is hard to believe that people can truly be good. Let us prove it to you."

And when the less-than-good people get him down, he always has Reddit to prove it right back to him.

- POPcity

## 8.3 Case III Der Wiener Deewan

All interviews have been recorded on tape and/or film. The customers and employees are numbered and to ensure anonymity their names are not being displayed. Regarding the founders only the first names are used.

## Nathalie, founder Der Wiener Deewan

Der wiener Deewan is a curry restaurant in Vienna, which now exists ten years and two days. There is a buffet where people can choose from. People can take by themselves and choose a price that fits afterwards, before going out.

We had a lot of requests from customers if the vegetarian dishes couldn't be vegetarian. That could be, so many dishes are vegan, except for the meat dishes. They are Halal.

We consist of three floors with 75 seats. The buffet is in the first room. The kitchen below and we have some chill out area in the basement. We have four seats outside.

We serve free tap water. The drinks have solid prices, but not many people order them since the water is free and we serve it all the time. When someone ordered a mango lassi and got some food, they are being asked to pay '2,50 euro (the price of a mango lassi) plus..?

The quality, satisfaction and financial means. These three things should estimate the price they pay. We don't say the word donation. It is not a donation, for some kind of charity. We are not a charity.

We explain it to new customers, how it works. We have many regular customers. They want to come again and pay a fair price. We also have regular customers who pay a very low price, but all together the average amount gives us the change to operate as we do.

After 10 years, we have the same average price. People pay around 5 euros, since 2005. The number of people have gone up, but also the prices we pay for the food. When there are more customers, the costs for the food also rises. One of the reasons why we keep up with this stable average is because the last years we found different ways to buy wholesale and buy big quantities.

I have other researchers from the marketing department asking me if they can investigate our special marketing strategy, but there is no marketing strategy! This is just how we operate and work. If it was a marketing strategy, I think we first would have had to inform ourselves about that. Second, we had no clue about how to do business. We didn't have a strategy or business plans. Deewan is from Pakistan and did not have a permanent residence permit, and was therefore only allowed to work by starting his own business. We looked a year for a place to buy. I invested my savings and a friend gave us an interest free credit. That was our starting capital and we tried to modify the space from it. The months after I tried to realise, okay, we just bought a three story restaurant. What will we do from here?

They can order take-away boxes and drinks as well, but they are not based on a 'Pay as you wish', but have solid prices. We started out that way, because we do not want people to come in and take home tons of take away boxes without paying

I had no previous experience in hospitality or gastronomy. I studied translating and philosophy. Deewan had some experience is Pakistan with selling some things, but that is also a different environment. I am more interested in things that are funny. I thought lets just give it a try and see what happens. We thought that people would like it, so I wrote on the window that people could pay what they want.

We wanted to combine all you can eat and pay as you wish together. We did not really have any experience or did any field research or what people do when they study business. We used the money we had by ourselves and did not have to present any business plan to any bank. I don't think that would have worked out. We didn't have a plan when we started or do any marketing things.

We wanted it to fit to us. Where we could have been a guest as well. We said we want to start the Pay As You Wish, and then we would see. It is from the idea that it should be assessable. That you wouldn't be afraid to enter because you think you cannot afford it.

It turned out that, in the first weeks, people liked it and they paid a fair price. So we could continue it, instead of being bankrupted what many people said would happen.

We let people decide, but we step in when we feel taken advantage of. Some people think it is a charity or that we are working with volunteers, so I explain that is not the case and we have to pay our employees. When we think that people don't consider it from all the sides we try to give them all the information and say, look, we also have to buy the food and pay for it. People get salary here as well, they don't come just for fun. Some people think we get EU subsidies, but that is not true as well. People have to explain to themselves how it works, so they try to explain it in some way. They don't believe it can just work like this. I hear them say many times: 'oh, I would pay but I don't know about other people', or, 'where I come from that would never work'.

Some people are homeless as well, so we accept them paying less or nothing.

The employees work here now for 2,3 and one for 9 years. They enjoy it here, I think they like the working conditions.

It's a matter of what you expect. If you want a profit making place.. that is something.. that is not the case.

It is fine if this idea is spreading, but every place should have its own character and his own history.

We paid back the credit by now and what I had invested also came back. We are making a bit of profit. In 2013 we had a good year and for the first time we were in a higher taxes scale.

We started to pay ourselves a salary of 1000 euro per month five years after opening. Before that, we lived without many expenses. Our apartment was 200 euros a month. We don't have any children or a car, so we were not bound to take out money from the restaurant.

Its an extremely vivid place. It has character.

Marketing, we have some flyers.. the rest is word of mouth. In the start we had some media coverage that helped us, but that was not something we really had invited. We made one add that the shop was opening and that was it.

If you have to prove every two or three years some stuff to be able to continue doesn't contribute to the 'being welcome' feeling here.

The main value is trust, must be. And also, some kind of credit that you give and you hope that it will come back. That is the main thing. We give people something when they come in, and we hope it comes back. Maybe not from this one person, but from all of them together. For now, for the ten years, the flowers at the counter was a gift from a guest who comes here very regularly. He brought these giant flowers and the vase.

That is great. That is more or less how it works. People take care of this place in one way or other.

Many people come here so regular that they meet here without making an appointment. Many people also come alone, to read something. We have a small library with around 30 books that people can borrow to read here. But also people with kids come here. It's a place where you can do many different things.

## Deewan, founder Der Wiener Deewan

It is about trust, the customers trust us to make them good food, and we trust the customers to pay a fair price for it.

We are a business, pay taxes and are registered as any other business as well. The people working here are paid employees.

When we notice that people come often but don't pay that much, we asked them if they didn't like the food and explain to them that in order to keep this restaurant going we need to be paid a fair price.

The costs of a buffet meal is between 4,50 and 5 euro pp. The food is freshly made.

Of course we try not to get bankrupted. We are part of the system, we have to pay the rent and gas etc, but we try to be reasonable and not spend more then what comes in.

When people think it's a charity or we get subsidies from the government, which is not true. We pay taxes just like any other restaurant. If people come in regular, like three times a week and pays one euro for a plate filled with meat I talk to them, explain how much things cost and ask if they didn't like the food. We don't want to destroy this concept.

When people come to me and say 'I don't have money, but I would like to eat', I say to them they can get a plate and eat. That is also happening.

We don't want to make any changes. I am satisfied with what is happening here. That is why I don't think we will have any changes.

We have beggars to eat and very rich as well, even ministers and parliament members sometimes. We have joined them on one table together. That is the best value. Bringing people together. People come here from every corner. If you go to any high-class restaurant you wouldn't see that.

This is a community. The Wiener Deewan community. You are not going to find it anywhere else. I discuss with somebody, around once a week, with a customer what they think, how they like it, how it works, etc.

The important thing is that we try our best to stay fair with them. That is that we try to get the best quality things and cook them from our heart. So that is why it is tasting fine. And that is what we do.

I have a lot of people, that come sometimes and say that they don't have money, we let them eat and then they go. When they come next time, maybe months or years they remember this place. They come and they pay ten euro, maybe fifteen. They are, okay, last time I haven't paid so now I pay extra.

Me and Nathalie are the owners and then we have the employees. In a normal shop, you have the owners and the employees, but here it doesn't feel like that. We try to talk with them: 'when you are working here, this is your own place and you take care of it'. We give them a lot of responsibility and trust them. Everyone calls us Nattie and Deewan. This is a team, its not owner-employer. Decisions we discuss with the both of us, when someone else has got a good idea then we do that. If we feel its good for the improvement, then we do that.

# **8.3.1** Employees Der Wiener Deewan *Employee 1*

I came to work here because I needed the money. I work here now for two years. I like the atmosphere. It is wonderful. First of all, you don't have drunk people to deal with.

The pay as you wish is a wonderful idea and a brilliant marketing concept. It's a good idea because I think the world should work in a way that everyone gives what she has and takes what she needs and this is a step nearer to that utopia, if you have no set prices. And then you can see it as a brilliant marketing concept as well.

Its more free and more open.

To a new customer, I tell them it is their decision what to pay, that they have to consider what, including the people, including the place, they should think how much they liked it and how much they like the place to survive and how much money they have.

There are always ignorant people and people who take advantage, but it is not the majority. The majority has in their mind that if they don't pay enough the place will close down. How else should it go? We are not here to just feed the people.

## Employee 2

I stared working here in the summer of 2013, because I needed the money.

I like it because there are many different people here. Different countries, lots of people from Asia and both rich and poor people. Lot of Muslims, because it is Halal.

I think it is good. People can decide how much they pay, its good for the people. They can afford it.

I explain the concept to the first time customers by telling what we have on the buffet and they can take whatever they like and how much they like. After, they can pay at the counter how much they like.

Sometimes people are a bit confused, but then I explain to them that we just don't have fixed prices.

I think most of people understand the concept, because there are many people who come again and again.

## Employee 3

Working for 9 years, needed some extra money. Feels like a family, like home. It's a great thing.

In the beginning it was not so clear how much people would like to pay and how it would work out. It is nice to see how it worked out and that it is vital. Mixed group of people with different ethnical backgrounds.

PAYW: tell them that they should estimate a fair price. Depend how much you eat. How much people have, what you earn. Most customers realise this. They share this point of view. We attract a lot of customers that have a lot of money and are socially aware as well. Most I got was 100 euro.

If someone pays a really small amount you try to explain again that it is not a donation, but employees get paid. Also, we kind of educate people to explain the concept (especially young people) and to make them realise that food is worth something. They have to think about the value.

Most busy place in Vienna. Atmosphere is maybe different. Based on trust.

# **8.3.2** Customers Der Wiener Deewan Customer 1

The food is fresh made, delicious and healthy. I am vegan, so it is a good opportunity.

To pay as you wish is a good opportunity. You give money to what you appreciate and what you eat.

I pay the same amount every time. It was my individual choose to pay this amount.

I feel participating, because I pay something and I help to work out this concept. I ask other people to come here as well, and in this way I help.

#### Customer 2

I come here once, two times a week. It depends when I have lessons at the university. I heard about it from a friend, one or two years ago.

I try to pay a little bit more then the cost, so I know it can sustain.

It is more relax and free than other restaurants. I think this is normal, and what happens in other restaurants. it doesn't have to be like that. I like this style.

### Customer 3 and 4

We are from Bosnia and Tunisia. The food is good, not for everyday, but I like it. It is everyday the same meals.

We are not participation, we are customers. I am just taking my food, and participating. I don't see it that way. But we are also automatically part of it. Without customers they don't make money.

#### Customer 5

Know it since 9 years, is maybe two years ago. This is my third time here.

I am glad about it, but wonder how it function. Wonder how much the customers pay. It is running for more then 10 years, so it seems to be sustainable

I decide on how much I have eaten and what I can pay.

PAYW concept is different, but it is also more open and it feels more open, and you can just walk behind the buffet, get water. It gives an invited feeling, and it gives more responsibility. Always get water, nice to have a few areas to sit. Different options. More calm downstairs. Lots of cushions. Upstairs busy.

Its interesting. Sometimes too open/busy/rush-hour. More open, not really a closed area around you. You cannot really talk about private things.

A bit, I don't come so often. You think about how it is working with the PAYW, so I feel a little bit of responsibility.

## Customer 6 and 7

From other students/friends. We are here around twice a week.

There is good food, and you can pay what you want. It taste very good, delicious, tasty, cheap, variation for vegetarians.

They have a positive balance sheet, the food is tasty, so the people give and come back. Its student friendly. Its easy assessable for students.

She pays always 5 euros. I between 5 or 6, depends on, I am as student but get quality food. I don't have a rational ground for paying 5 or 6, just intuition. It depends also on how much money I have on cash.

It's a buffet. Always get free water. Almost always busy. Very crowded. Very cosy atmosphere. A lot of young people. Good communication area, people are talking a lot. Get in contact with strangers. Talk to other peole easily and much. Share a room and a table, so easy contact.

Don't feel responsible as anything in capitalism. They do it to get money. Like everybody does in capitalism. They need it otherwise they can't survive. 'There is nothing right in a wrong system.' The only difference is they don't get as much money as possible, but they still try to get money. I am sure the entrepreneur behind this restaurant earns a lot of money. If you don't pay 5 euros they shout after people.

#### Customer 8

My flatmate told me about it. I come here around once or twice a week. Since October 2014.

For me it was an input to think about how much it is worth. Not just to consider the ingredients but also rent and electricity. You have to think about what the cost is to produce the food. Other people just pay two euros, but then they don't consider everything.

I pay around five euros. I am a student, so I pay less. I think they make a bit of profit out of it. I see people paying usually around 5-6 euros.

I have been here for half a year but I see they exist for 10 years and everyone in Vienna knows the restaurant. Many different people come here, different people in society. I like the food. Its healthy. I don't have to prepare anything. I don't have to wait. 5 euros is a price that is good for me and for them. It's a buffet. You can choose yourself. More noisy. More casual.

Sure. I feel responsible. If I wouldn't I would just pay 2 or 3 euros say I am a student. I definitely want to sustain it. You have a social compensation.

#### Customer 9

I also eat till I am full. I don't take more then I can eat, because I can decide for myself how much I will pay.

You cannot pay zero here, you have to pay something. They ask you how much you want to pay. There is no box or anything; there is some kind of social control, because they ask you.

You see that everyone is thin here? People don't come here to stuff themselves with food.

#### Customer 10

The world is not that fucked up as we think. They give students a chance or people with less money to eat well. People who have more money they pay more.

My friends decide on how much they eat and how much they have (moneywise). It says pay as you wish, not pay if you wish, so you have to pay as least something.

#### 8.3.3 Article I

### DINE-BY-DONATION QUESTIONNAIRE by Anna Mantzaris for The Budget Traveler

1) Can you give me the correct address, phone number, website and hours for your restaurant?

#### **DER WIENER DEEWAN**

pakistani food ~ essen für alle buffet ~ take-away ~ catering

liechtensteinstraße 10, 1090 wien mo-sa 11-23h ~ 0043-1-9251185 d1@deewan.at ~ www.deewan.at

DER WIENER DEEWAN is located in Liechtensteinstraße 10, in the 9th district of Vienna, Austria, opening hours: Mon – Sat, 11 a.m. – 11 p.m., Sundays + holidays closed

2) Can you tell me what kind of food you serve? Any specific dishes?

DER WIENER DEEWAN is a pakistani curry restaurant offering a buffet of 5 different main dishes (2 meat: chicken/lamb/beef, 3 vegetarian and also vegan: dhal / vegetables / vegetables + potatoes), salad, sauces, bread and desserts. The dishes change 2-3 times a day and vary according to season. The meat served is also halal. (see DER WIENER DEEWAN PLAN)

3) Is all food served on a pay what you wish basis or are there any set prices? DER WIENER DEEWAN offers 3 types of services:

buffet (in the restaurant), take-away and catering.

The buffet in the restaurant is working on an ALLYOUCANEAT -  ${\sf PAYASYOUWISHpolicy}$ .

For take-away, we have fix prices (small box of approx. 500g and big box of approx. 1000g, half rice - half curry, the prices for the small box vary between 5 and 7 euros (for veg, mixed and meat only respectively), for the big box it is 8 (veg), 9 (mix) and 10 (meat only) euros respectively.)

For catering (from 25 to about 200 people), we also have fix prices, for a standard catering (1 meat, 2 veg + basmati rice + sauces, including delivery) we charge 10 euros per person, excl. tax, for example.

4) Do drinks have set prices?

Yes, drinks have fix, but also quite moderate prices, that are shown on the "GETRÄNKELEGENDE" (= "drinks' legend"). e.g. mango lassi = 2,50 euro. additionally, tap water is served free of charge as a "welcome drink" and staff is told never to let people "run out of water". this service is very much appreciated by our guests, so that only around 7 % of the total sale comes from the drinks.

5) When did your restaurant open?

DER WIENER DEEWAN opened on April 30th, 2005, the "Day of the Unemployed" (which is observed one day before May 1st, the International Labour Day). The restaurant was founded and is run by Afzaal Deewan and Natalie Deewan.

6) Why did you decide to have a dine-by-donation restaurant instead of fixed prices? Does any money go to charity? What is the philosophy behind the restaurant?

There is more than only one answer to the first question.

First, we knew we wanted to have moderate prices, so that most of the people would not feel excluded from entering our restaurant for monetary reasons. And this also because the two founders, Afzaal Deewan and me, Natalie Deewan, were not belonging to the "having crowd", him being an asylum seeker just having arrived from Pakistan nine months ago and me, as a student in languages and philosophy, working on her master diploma ...

It should be accessible by a wide range of people and one of the main features – apart from the quality of the food and the design of the shop – are, of course, the prices.

Then, we thought of making an opening offer, for one week or two, Deewan was talking about "free

food", but since we were anyhow at the very end of our nonexisting financial means, we opted for "pay as you wish".

Moreover, this price policy had the advantage of being very simple (I had not the least of gastro experience, so I thought, any guest would know far better than me how much they would pay for a small dish, or a veg-only-dish and find the appropriate price by themselves ...) and also radical (no 4,30 ies and 5,40ies and + 0,30ies....) and funny, so people would like it because they can't believe, that this is really true and tell their friends about it and they would hopefully like the taste of the curries and pay fair prices so that they themselves would be able to ... come again!

As we opened with "kostet ... was ihr wollt"\* on our window, we had no idea whether or how this could work or not, we did also not know about any similar project. Elder people (parents ...) were sceptical, youngsters said "cool!" and after the first weeks, we saw people being very enthusiastic about food AND concept alike ... and paying on average fair prices, so that we could continue with this policy up to ... the present day!

\* = pun on: "kostet" = "it costs / do try ... what you want!"

Charity: no (apart from now and then caterings with reduced prices for charity purposes), but we got an idea about people being willing to donate more if they appreciate the quality of the food, when Deewan was cooking for charity purposes before opening the restaurant.

7) How do people pay for their meals? Cash? Credit? What is the system? Does a bill come at the end of the meal?

People pay cash at the end of their visit at the counter-desk. Guests are invited to find a price that translates the amount eaten, their satisfaction and their "monetary liquidity" ("Menge, Zufriedenheit, Liquidität") into euros. They are asked whether they had any drinks, e.g. if they had a mango lassi, the formula is "2,50 + !" ("two fifty plus ...!") and they add the amount for the food, e.g. 5 euro, so they say "seven fifty" and the deal is completed.

8) Can you briefly describe the space of the restaurant? Color of walls? Size? How many tables? Casual? Fancy?

The restaurant consists of three major rooms, all together about 120m2 or 75 seats. the first room is very high and its walls are covered with plexiglass on which guests are invited to leave their marks with multicolor permanent markers – after 8 1/2 years, these walls have collected layers over layers of comments and drawings of all kinds and still seem to "ask for more!"

The second room offers a "diwan" (couch) for rest and books and games for after-food and is wallpapered with neon-yellow photocopies "featuring" all the curry spices that the tongue has discovered during the meal ...The last one is the big hall in a bricks cellar, that includes a small scene behind (also used for concerts),

that is covered with a green carpet where not only children like to play, on their "meadow".

9) Are the workers at the restaurant volunteers or paid staff?

DER WIENER DEEWAN is a company (Deewan KG) in the full sense – we are no association or the like that relies on volunteers. we have now 16 employees (kitchen staff full time, service staff, being students or artists in their "first job", on part time), but still we pay taxes and social security fees etc. like any other company. Our yearly financial statements can be consulted on our website.

10) How do people order food? Is it at a counter and it's brought to them? Is it a buffet? Table service?

DER WIENER DEEWAN is a self-service buffet restaurant, only drinks are served, after being ordered at the table.

11) What has the reaction to your restaurant been? Popular from the start? People are surprised by the pay- what-you-wish system?

We had very positive response from customers as well as media from the very start (particularly after the article intitled "A day in Paradise" in the Vienna city magazine "Falter" in May 2005). People who did not know about the price policy before, still are surprised when being told at the end that is now up to them to tell the price, and they find it funny and sometimes also embarrassing or irritating, at least at the first time.

12) What kind of diners do you get? Locals? Travelers? Kids? Families?

All of them + many students, since there are 4 major universities in the near surroundings, business people appreciate the near-to-zero waiting time at the buffet / at the counter-desk when going for their lunch break, families with kids like the non-smoking and child-friendly atmosphere and infrastructure (childrens' chairs, baby change unit, carpet area with many toys, ...) and in the evening, curry fans of all sorts & faiths, ages & origins keep invading the WIENER DEEWAN.

Updated: November 2014

### 8.3.4 Article II

#### This Pakistani restaurant in Vienna runs on trust

#### KIRAN HAROON — UPDATED MAY 14, 2015 03:42PM

As immigrant communities grow in cities around the world, Pakistani, Indian, Chinese, Arabian and other exotic cuisines have found their way into the hearts of a diverse range of people.

In Austria, one set of restaurant owners has introduced yet another dimension to the dining experience — the concept of a 'suggested donation' at an eatery.

'Der Wiener Deewan' in Vienna is a Pakistani restaurant based on a pay-as-you-wish concept: diners pay according to what they thought the food, quality and experience of their meal was worth.

We contacted Afzaal and Natalie Deewan to find out if you can base a restaurant on good karma.

#### Dawn.com: As the owners, tell us about yourselves.

Natalie Deewan: Afzaal Deewan, a cricket-player, cook and businessman from Mandi Bahauddin, Pakistan, landed in Vienna, Austria, in 2004 as an asylum seeker. There he met me, Natalie, a student in Languages and Philosophy, and we decided to join forces. Deewan would cook and I handled the rest. One year of intensive research later, we opened the Der Wiener Deewan, which translates to the Viennese divan, with the tagline 'Pakistani Food, Essen für alle' (Food for Everybody). It was the first Pakistani curry buffet-restaurant in town.

#### Dawn.com: How did the idea for pay-as-you-like come about for the restaurant?

**Natalie:** We wanted it to be a very accessible place, where the two of us, a student and an asylum seeker, as we were at that time, could have been our own guests. The idea of pay as you wish emerged at the very end: it sounded simple, but radical – and funny! People should be invited to choose their own price, according to their satisfaction, the amount they have eaten and their financial means. Deewan was confident people would like his food, so hopefully, they would pay accordingly. We decided to give it a try and see how far we would get.

## Dawn.com: How do you manage to make money or break even when you just trust people to pay as much as they want?

**Natalie:** We give trust and it comes back! We can trust in people's capacity to think for themselves: if they did not pay at least a fair price and we therefore had to close, where would they find such a good meal for such a cheap price then? We have lots of regular customers who eat several times a week, some even daily, at our restaurant. They want to come again and in order to find the shop open and food ready, they simply have to pay a fair price. It looks like the majority of our guests want us to keep going.

## Dawn.com: Is there a minimum amount to be paid per diner, as is the case with most all-you-can-eat buffets?

**Natalie:** Before leaving, our guests come to the counter and are invited to choose a price that fits. It should be fair and sometimes our take-away boxes (which have fixed prices, ranging from 5 to 10 Euros) serve as orientation. Since we don't have fixed prices for the buffet, you are not forced to eat all you can to justify an already set price. You can also eat only a small plate or only dessert and then pay a small amount. We just chose to combine two known concepts, all-you-can-eat and pay-as-you-wish.

## Dawn.com: What have you learned about people and humanity from your restaurant?

Natalie: A lot.

Dawn.com: Why Pakistani food?

**Natalie:** Deewan is from Pakistan, his mother and grandmother taught him to cook, hence we serve Pakistani food. Just recently we had Pakistani guests who inquired, whether we also served Chinese food. We said, 'No, we are a Pakistani curry restaurant.' 'Only Pakistani food?' they asked. 'Yes, only,' we answered.

Dawn.com: Is the food specific to any regional style, Sindhi, Punjabi, Balochi, Pashtun?

**Natalie:** According to Deewan, no. According to many guests, it tastes like home, as they say, 'Like my mother used to cook!'

Dawn.com: Did it seem that it might not work or that Austrian palates wouldn't be accepting of Pakistani food?

**Natalie:** Deewan has adjusted the food to suit Austrian tastes, i.e. less hot, so fewer chilies. If some like it hotter, they can spice it up with different chili sauces.

Dawn.com: How have you constructed the menu for Der Wiener Deewan?

**Natalie:** We offer a buffet of five different curries: two meat-based, chicken and lamb or beef; three vegetarian/vegan, *dhal*, vegetables and potato curry. We also serve Basmati rice, bread, salad, sauces and sweets. Drinks, including many local and exotic juices, *lassis*, beer, wine, lots of different teas and coffee, have fixed prices. Tap water (which in Vienna is of very good quality) is served free of charge.

Dawn.com: What are the customer favorites?

**Natalie:** Our guests finish off the Lamb Palak very quickly. Vegetarians go after the *dhal* or the Alu Methi Gajar.

Dawn.com: What's the ratio of Pakistanis/Indians to Europeans coming into the restaurant on a daily basis?

**Natalie:** Generally, we host quite a transnational and intercontinental crowd, which includes students from all over Europe, travelers from all over the world, and people of African and Asian origin. Maybe around five percent of our customers are of Pakistani/Indian origin, we guess.

Dawn.com: What flavors most represent Pakistan for you?

**Natalie:** The cardamom brothers.

Dawn.com: Which Pakistani dish instantly transports you back?

Natalie: Beef nihari.

- Dawn

### 8.3.5 Article III



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