

CHAPTER I

INTRODUCTION

1.1 Object Review

1.1.1 Airbnb Overview

Airbnb is an online market network and peer home accommodation was founded in August of 2008 and based in San Fransisco, California. Airbnb can be called as trusted community marketplace for people to list, discover, and book unique accommodations around the world can be accessed through online or from a mobile phone or tablet. Whether an apartment for a night, a castle for a week, or a villa for a month, Airbnb allows people to belong anywhere through unique travel experiences at any price point, in more than 34,000 cities and over 191 countries. Airbnb allows users to register or rent property for short-term use. The house rental price on Airbnb is determined by the property owner. Airbnb receives a portion of book keeping service fees from guests and hosts. Currently, Airbnb covers 2,000,000 properties in 34,000 cities and 191 countries. Airbnb first became profitable during the second half of 2016. Airbnb's revenue grew more than 80% from 2015 to 2016. (Airbnb Indonesia, 2017)



Figure 1. 1 Airbnb Logo

Source: www.Airbnb.com

In Indonesia, Airbnb claimed that it had gotten 881 thousand guests and experienced year-on-year growth of 72 percent. The average age of the host rent property in Indonesia at 38 years. In addition, it is also known that the top five tourist markets on Airbnb that go to Indonesia comes from the cities of Jakarta, Singapore, London, Melbourne, Sydney and Kuala Lumpur.

1.1.2 Vision and Mission

Vision

We connect people who have free space with those who are looking for a place to live. Guests can build real relationships with their hosts, gain access to different spaces, and immerse themselves in their destination culture. Whether it's an urban apartment or a rural castle, Airbnb makes it easy to show your space to millions of viewers, and to find the right place at a point, anywhere.

Mission

1. Connecting people who need a place/space to live with people who have more space to host
2. Making a real connection/Friendship between people who have one though
3. Providing tourists with a local expert, local atmosphere, local secrets, and local knowledge
4. Making money for hosts who provide their space and time

1.1.3 Sharing Economy Overview

Sharing economy platforms have become extremely popular in the last few years, and they have changed the way in which we com- mute, travel, and borrow among many other activities. Despite their popularity among consumers, such companies are poorly regulated. For example, Airbnb, one of the most successful examples of sharing economy platform, is often criticized by regulators and policy makers. Another example which use

sharing economy in Indonesia is Gojek and Grab. Those application belongs to startup companies which rely on advance technology that can give service to society. Sharing Economy has the spirit to carry out resource efficiency measures by carrying out consumption together. Apart from that, there are other benefits from the Sharing Economy, which is to reduce what is the environmental impact due to unstopable consumption, save costs because the method used is to consume or rent used goods that are still suitable for use and provide access to others who are in need of goods but does not have the ability to use or buy it.

The Sharing Economy concept can grow fast when the economy is in crisis or sluggish. So, if seen there are many start-up companies as mentioned above using this Sharing Economy concept. The encouragement of this company actually comes from consumer demand. For example, there is a business idea called Co-Working Space. Co-Working Space is a work area. AirBnB is an example of a fast-growing sharing economy in Indonesia where members can rent rooms or houses that are not used to be used by tenants who are both connected to the AirBnB platform.

1.2 Research Background

The growth of the internet which increase from year to year gives an impact on digital technology. Internet is very useful for several activities such as, connecting people in various part of the world, making transaction without facial interaction, to convey information faster and easier, and so many more. The growth of the internet which increase from year to year

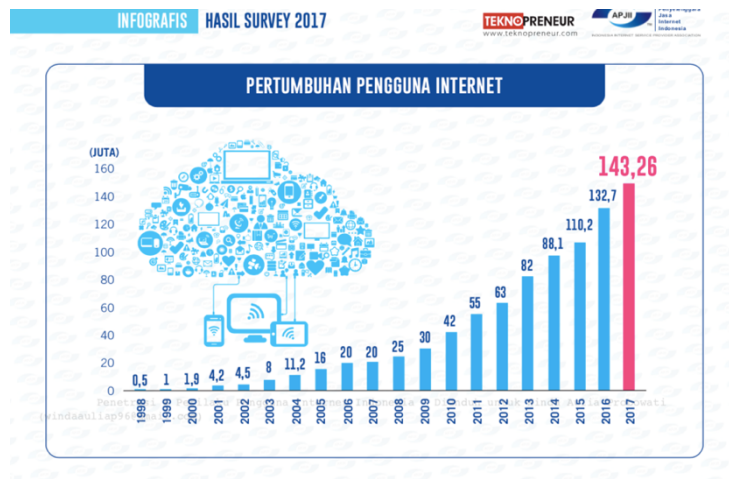


Figure 1. 2 Indonesia Internet Users Growth 2017

Source: APJII Survey Result 2017, available on: <https://apjii.or.id/survey>

Based on the figure 1.2, the growth of internet user always increase from year to year. By the growth of the internet it means that people are keep using the internet to help their necessities. In Indonesia the number of internet user has increased rapidly since 2013. In 2013, the number of Indonesian internet users based on a survey from eMarketer are as many as 72.8 million people and keep increasing for the next year.



Figure 1. 3 Internet Penetration in Indonesia

Source: www.apjii.or.id

From figure 1.3 above, based on the survey result by *Assosiasi Penyelenggara Jasa Internet Indonesia (APJII) 2017* internet penetration in Indonesia is 54,68% of the total Indonesian population. It means that 262 million people are connecting to the internet. This amount is higher compared to the year 2016 which is 132.7 million (Statista,2018). While in 2015, the internet users in Indonesia is only 89.32 million.

Internet in Indonesia is used by the half of Indonesian population. It means that internet is currently become the main equipment which used. There are two kinds of devices which are used by the people for accessing the internet: computer and smartphone. Based on the data created by APJII almost all the internet users use a smartphone as the device to access the internet.

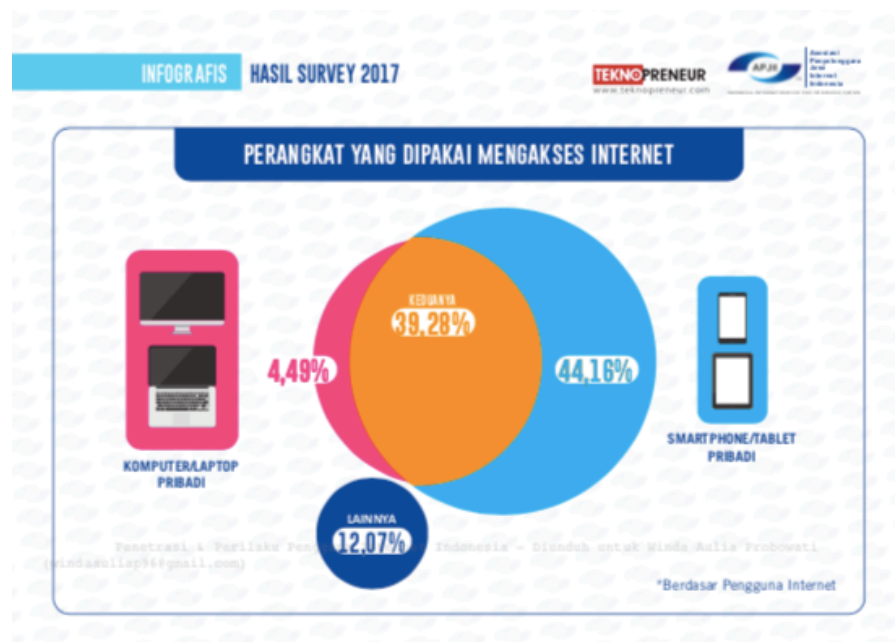


Figure 1. 4 Users Media to Access Internet Users in Indonesia

Source: apjii.or.id/survey

From figure 1.4 Above, it can conclude that 44.16% of the total population are accessing the internet via smartphone, 39.28% are accessing the internet using

two devices which are computer and smartphone, and 4.49% are accessing the internet via laptop or computer. From the data of the figure 1.4 it shows that the majority of society in Indonesia are accessing the internet via smartphone which is simpler and practical, moreover people can bring the smartphone everywhere and use it as their tools to help their activities.

The significance of internet user growth in Indonesia make people prefer to try the social interaction from traditional to modern. People nowadays started to digitalize their habit to ease their activities such as shopping, ordering something, and also booking accommodation. One example of a business utilizing internet is E-commerce. According to Laudon (2014), “e-commerce is the use of the Internet, the World Wide Web (Web), and mobile apps to transact business. More formally, digitally enabled commercial transactions between and among organizations and individuals”.

The growth of these technologies becomes an opportunity for E-commerce businesses to combine their online business with mobile phone technologies and create a mobile-based innovation such as mobile platform that can provide an ease, not only for customers but also to the business itself. Mobile devices provide entertainment and productivity to users through the mobile application. Simply installing a mobile application to a smartphone allows users to access cellular trading services, such as cellular banking, cellular investment, and cellular shopping. According to George (2018), Recent studies have reported that 30% of people use mobile apps to find hotel deals, 29% use mobile apps to find the flight deals, 8.1% use mobile apps to buy tickets and only 15% users specifically download travel apps to plan a trip ahead.

The use of e-commerce especially in the world of traveling is currently keep growing and has a great demand. Due to the great demand from the travellers, there will be a great demand from property that the travellers wanted to rent to be their hospitality during travel. Since in the traditional manner, people who has the property that is currently unused, they are rented and offer through the manual based, such as offering through the offer board from mouth to mouth, and also a little bit more modern, offering through the website which people quite hard to find. The situation of this way to offer is not that interesting, it makes difficult for

customer to find the appropriate house to be rented and also for the customer this situation is uncertain whether they will get the property or they will run out of the room because some of them which is not available in the website are hard to be booked first. Based on the situation above, people who offer the room rental manually are quite hard to find their customers because some of the customers do not know well about the information of the property that are rented. In the situation before, people also cannot offer their room rental through the application because the applications that are available are only provided for hotel. Therefore, with sophistication of today's technology people prefer to try new experiences, rent and book their accommodation in a non-traditional manner.

One of the business-based applications in the field of hospitality services is Airbnb. The author chose Airbnb due to the fact that this application is used by people when offering their room rental or property continuously. The property here are kind of apartment, villa, house, or luxurious residence. Based on the learnairbnb.com, the host of Airbnb get 97% of the income as their profit, while the 3% is for the administration fee. Airbnb now has owned more than 2 million listing houses out of 34 thousand cities, more than 190 countries all over the world, and continue to grow until it has received 60 million guests today (wificolony.com, 2018).

Airbnb has been operated in Indonesia in 2017. Nowadays, there are over 45.600 accommodation lists of Airbnb in Indonesia with the average income approximately 27.3 million rupiah per year. Related to the start-up development in Indonesia, the existing of Airbnb shows the growth of tourists as 64% from year to year. Bali reaches the biggest amount of host Airbnb income which is 72% from all the tourists who come to Indonesia it is because the local host has been accepted more than 670.000 guests. The average income of Airbnb host is 58.6 million per year, more than twice of all Airbnb host in Indonesia.



Figure 1.5 Top 10 US Hotel & Accommodation Sites Rank

Source: eMarketer,2017

According to Figure 1.5, Airbnb as the sharing economy platform shows its growth until becoming the first place of top 10 US Hotel and Accommodation ranked by Total Traffic Q1 2017. The growing of sharing economy shows an unprecedented rate. Travel and tourism scholars have been focusing on customers' sharing intention, yet the literature has largely overlooked what are the factors make the host using the Airbnb application as a sharing economy. In this research will be using Unified Theory Acceptance Use of Technology (UTAUT). UTAUT is formed by the contribution of the 8 of the theory construct before which are (1) The Theory of Reasoned Action (TRA), (2) The Theory of Planned Behavior, (3) The Theory Acceptance Model (TAM), The Motivational Model (MM), (5) The Combined TAM-TPB (C-TAM-TPB), (6) The Personal Computer Utilization (MPCU), Innovation Diffusion Theory (IDT), and (8) Social Cognitive Theory (SCT). Based on the empirical study, it is known that UTAUT Model has variance score as 70% in explaining the consumer behaviour in the tendency of information technology use (Indrawati, 2015). Therefore, UTAUT is a model which has the highest explanatory power compared to 8 technology adoption theory which only has the R2 or variance between 17-53%. The excellence of UTAUT is what becomes one of the reasons this research about Host Airbnb choosing UTAUT as

the basic in forming the theoretical framework. Drawing on UTAUT2 Model which extend the generalizability of UTAUT from an organization to a customer context, this study developed the model of UTAUT2 by adapting from several research for the additional variables. The Author using UTAUT2 Model because UTAUT2 Model was developed to measure consumer behaviour in individual context instead of organization (Indrawati,2017) and in this research is measuring the Airbnb Host instead of the Airbnb Company. This research analyses of factors influencing continuance intention which using the UTAUT2 Model to know which factor is the most influencing Airbnb Host in using Airbnb application that makes the Hosts decide to offer Hosts' room rentals through Airbnb application continuously. The factors that is measured in this research are Performance Expectancy, Effort Expectancy, Facilitating Condition, Social Influence, Hedonic Motivation, Price Value, and Habit. The Researcher also adapted additional variables which are Trust (Putri, 2017) and Perceived Security (Ponte, 2015) because the author want to see what makes Airbnb Host trust Airbnb and decide to use it continuously.

Due to the successful of Airbnb that has become the most chosen for hospitality business and the curious of author related to the factors that makes Airbnb become the biggest marketplace to register and rent accommodation around the world, also what are the factors that make the Airbnb Hosts have the willingness to rent and offer their room through Airbnb application continuously, the author would like to conduct a research entitled **“THE USE OF UTAUT 2 MODEL TO ANALYZE FACTORS INFLUENCING CONTINUANCE INTENTION OF HOSPITALITY SERVICE APPLICATION (A CASE STUDY OF AIRBNB HOST IN INDONESIA)”**. The author choose Airbnb host since its fast growth as start-up company and become the first place online marketplace in hospitality service in the world, moreover Airbnb also increased the growth of tourism sector in Indonesia. The author also curious about the continuance intention of Airbnb service in Indonesia since this research is in the field of online room rental service while other studies already explored online based service such as booking.com, traveloka, etc. Therefore, the author would like to conduct this research.

1.3 Problem Statement

According to bisnis.com, national hotel occupancy rates throughout 2018 are 60%-65%, despite the number of rooms in Indonesia. According to PHRI data, room availability in Indonesia is already excessive, reaching 600,000 rooms. That number exceeds the availability of rooms in Thailand which reaches 300,000 units and Malaysia which reaches 320,000 units. Due to the big amount of room availability, people who rented the rooms need to find the customer to rent their rooms. The homestay that is rented tried hard to offer their rooms to the tourist. Before the existence of the Airbnb, the host offered the room in a traditional way, it can be from mouth to mouth or the offering board as people can see it the host offering villa in Kaliurang, Indonesia or Puncak Bogor, Indonesia. The homestay hosts are hard to find their customer while they are offering their rooms through the traditional way. Since the homestay is not provided to offer through application because at that time the application to offer room rentals only available for hotel. Nowadays, the internet has a great amount of user, which means many people are familiar to use it. People prefer to change the traditional manner into digital manner. People slowly move their habit to choose digital way to ease their activities. Afterwards, the hospitality platform which known as Airbnb expand its business in Indonesia as it considers one of the fastest growing countries in terms of inbound travel. Airbnb is the biggest online marketplace to register rent accommodation around the world. Airbnb application also has become the most favorite platform for hospitality services. After the expansion of Airbnb in Indonesia, there are so many people offering their rooms through Airbnb. Airbnb allows people to rent property such as apartment, villa, and residence. This situation becomes the opportunity for people who wants to activate the passive assets, which is bed rooms which can be rented occasionally but they get income without doing anything and also help the host of homestay to offer their rooms and get more customers. According to katadata.co.id the growth of Airbnb in Indonesia is exponential and over 250,000 people register themselves to become Airbnb host in the world. The users and host keep increasing and using the application continuously.

Due to the successful growth of Airbnb in Indonesia. There must be several factors that influence people choose Airbnb and use it continuously.

Although Airbnb application has been downloaded and used by many people, there is none of study that analyse the factors influencing Airbnb Host to use Airbnb application continuously for the hospitality service solution in Indonesia. Therefore, Airbnb application need to realize that there are factors that can influence the continuance of using Airbnb application, thus it is necessary for the author to identify the variables that are taken into the consideration as the factors influencing continuance intention in adopting Airbnb application in Indonesia

1.4 Research Question

According to research background and problem statement that already explained before, therefore the author has a research questions there are:

1. How big is the Airbnb Host's assessment towards the factors based on the modified UTAUT2 Model (Performance Expectancy, Effort Expectancy, Facilitating Condition, Social Influence, Hedonic Motivation, Price Value, Habit, Perceived Security, and Trust)
2. How big is their continuance intention towards Airbnb host services in Indonesia?
3. Based on the modified UTAUT2 Model, what are the factors influencing consumers behavior intention in the context of Airbnb services in Indonesia?
4. Do age and gender differences affect the influence of the modified UTAUT2 Model factors towards continuance intention of consumers in the context of Airbnb services in Indonesia
5. Can this proposed UTAUT2 Model be used for predicting the continuance intention of Airbnb services in Indonesia?

1.5 Research Objectives

The objectives of this research are:

1. To analyze factors influence the Continuance Intention of Airbnb service based on the UTAUT 2 Model (Performance Expectancy, Effort Expectancy, Facilitating Condition, Social Influence, Hedonic Motivation, Price Vale,

Habit, Perceived Security, and Trust) towards continuance intention in the context of Airbnb house family.

2. To analyse the continuance intention of Airbnb Host towards Airbnb service in Indonesia.
3. To test the factors based on the modified UTAUT2 Model that influence the consumers continuance intention in the context of Airbnb services in Indonesia
4. To test if age and gender differences affect the influence of the modified UTAUT2 Model factors towards continuance intention of Airbnb host as the consumer in the context of Airbnb service in Indonesia
5. To test whether this proposed UTAUT2 Model can be used for predicting the continuance intention of Airbnb services in Indonesia

1.6 Significance of Study

The benefits of this research are divided into two parts namely the benefits for academic and business aspect.

1.6.1 Academic Aspect

This result of this Hospitality online service is hopefully have a significant value in verifying the application of modified UTAUT2 model in predicting the continuance intention of Airbnb services in Indonesia.

This study is hopefully beneficial and it is about modified the UTAUT2 Model by adding a Trust variable and Perceived Security variable, do not include Experience variable, also analysing the consumer's continuance intention which is more than customer behavioural intention. The modified model has not been done in the previous research, therefore this research is expected to fill the gap in the presence of literature related to the continuance intention of Airbnb service in Indonesia.

1.6.2 Business Aspect

This research is hopefully could be used to understand consumers' preferences towards hospitality service application especially in Indonesia to explore additional knowledge in the field of marketing management. The result

can be used by Airbnb management as an input and recommendation in order to do further Airbnb development and business strategy to perform Airbnb service by involving understanding factors influencing continuance as use intention of Airbnb host as a consumer.

1.7 Research Scope

1.7.1 Location and Object of Study

The location of the object study is conducted in Indonesia where the house owners who become Airbnb host. The location of the study is categorized based on the five area of APJII research; Sumatera, Java, Sulawesi, Kalimantan, Bali and Nusa Tenggara Barat. The objects of study is Airbnb host service and in the age of 17-60 years old.

1.7.2 Time and Period

The period of this study starts from November 2018 until May 2019.

1.8 Systematic of Writing

The writing structure is arranged to provide a general overview about research performed with the following structure:

CHAPTER I INTRODUCTION: This chapter briefly shows the research object overview, research background, problem statement, research question, research objectives, and research writing systematic.

CHAPTER II LITERATURE REVIEW : This part tells about theories, previous researches, framework, hypotheses, and scope of the research.

CHAPTER III RESEARCH METHODOLOGY: This chapter explains the research type, operational variables, research steps, population and sample, data collection, validity and reliability test, and data analysis method.

CHAPTER IV RESULTS AND DISCUSSION: This part consists of chronological and systematic result of the research based on the problem statement and objectives of the research.

CHAPTER V CONCLUSION AND SUGGESTION: This last part of the research contains conclusion, research limitations, and suggestions of the research.