

UNIVERSITI TEKNOLOGI MARA

**THE INFLUENCE OF PHYSICAL
ENVIRONMENT, PERCEIVED
EMOTIONAL VALUE, GUEST
SATISFACTION AND PRICE
FAIRNESS ON AIRBNB REVISIT
INTENTION IN MALAYSIA**

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ABSTRACT

The hospitality industry has been making a remarkable contribution to the growth of economies in several countries, and the rapid growth of hospitality businesses has made them a serious competitor in this industry. Airbnb, for instance, has become one of the most successful pioneers of the sharing economy, transforming the travel industry around the world. Airbnb accommodations in Malaysia are increasingly gaining popularity; nevertheless, the lack of the physical environment in Airbnb listing may result in guests not having a clear idea of the physical environment and this can lead to an unclear context of how the physical environment influences Airbnb guests. Hence, it was crucial to examine how physical environment influence revisit intention. Based on the previous literature, there was inconsistency of findings the influence of physical environment to predict guest revisit intention. Limited study on physical environment have used Stimulus-Organism-Response (SOR) theory as the study framework to predict guest revisit intention in Airbnb context. This study employed a quantitative research methodology using a survey questionnaire involving guests with Airbnb experiences was carried out with a total of 238 respondents. Data collected were analyzed to yield descriptive statistics and PLS-SEM was used to test the hypotheses of the study and evaluate the model. Based on the descriptive analysis results, most of the respondents believed that the physical environment experience might alter guests' choice processes and create a positive mood for future behaviour. This study provide theoretical implications as the results of the study can enrich the current knowledge of how physical environment as stimulus in situations where perceived emotional value and satisfaction as emotions to predict guest revisit intention as final response in Malaysian Airbnb context. In addition, the current finding presents methodological implication as physical environment was addressed as Type II reflective-formative (composite) second-order constructs and contribute to the body of knowledge on physical environment field by examining price fairness as the moderating variable and perceived emotional value and guest satisfaction as the mediator variable. The novelty of the current study proved that perceived emotional value and guest satisfaction in the Stimulus-Organism-Response (SOR) model play a mediating role in determining guest revisit intention in Malaysian Airbnb. Overall, the findings of this study can help the hosts of Airbnb accommodations and other industry players understand the physical environment dimensions better, including the value that stimulates guest experience and emotions. As a result, guests will have a pleasant stay with Airbnb, which may influence their satisfaction and revisit intention especially in a Malaysian context.

Keywords: Physical Environment, Perceived Emotional Value, Guest Satisfaction, Price fairness, Revisit Intention, Airbnb

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CHAPTER 1

INTRODUCTION

1.1 Chapter Overview

This introductory chapter provides an overview of the development of Airbnb accommodations and their significance in the hospitality industry. Generally, this study aims to examine how the physical environment, perceived emotional value, guest satisfaction, and price fairness factors predict revisit intention in the context of Airbnb. The problem addressed in the current study explains the literature gap, and this chapter further addresses the research objectives, questions, framework, and hypotheses. The final section concludes with the significance of the study from the academic and industrial perspectives, followed by the definition of key terms and the structure of the thesis.

1.2 Background of the Study

With the complexities of today's contemporary world, tourism has experienced continuous development and intensified diversification in becoming one of the fast-paced economic sectors. For instance, in the year 2019, the number of international tourist arrivals in the Asian Pacific region was 703.66 million, and this number has been forecast to reach 898.4 million by 2023 with a total increase of 76% (Pacific Asia Travel Association [PATA], 2021). However, according to the World Travel and Tourism Council (WTTC, 2021), the hospitality and tourism industry witnessed a drop of 18.5% in the global gross domestic product (GDP) in 2020 and 62 million jobs were lost. Correspondingly, Malaysia's 2020 tourist receipts plunged 85.3% to RM12.69 billion from RM86.14 billion in the previous year as international tourist arrivals slumped 83.4% due to the closure of Malaysian borders since March 18, 2020, to curb the spread of COVID-19 (The Edge Property, 2021). As reported by the United Nations World Tourism Organisation (UNWTO, 2021), the drop in international arrivals also caused an estimated loss of about USD 2.4 trillion in GDP in 2020.

Notwithstanding these shortcomings, tourism is undoubtedly crucial for most nations worldwide. Along with other Asian countries, the tourism industry in Malaysia