Factors Affecting Airbnb Booking Intention among Young Malaysian Travellers

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ABSTRACT

Airbnb, a website that matches house and apartment owners with short-term tenants, was first introduced in 2008 and quickly became the most popular online accommodation booking service. Airbnb accommodations are commonly less expensive than hotels, attracting many backpackers and independent travellers. The development of Airbnb in Malaysia has raised customers' interest in staying at Airbnb, resulting in an increasing number of patrons compared to hotel customers, especially with the advancement of technology where tourists use the internet and applications to make their Airbnb booking. The study aimed to investigate the purchase intention from the perspective of young Malaysian travellers in booking Airbnb online. This study examined the influence of perceived price, quality, trust, and risk on their intentions to book Airbnb online. Survey questionnaires were distributed via a Google Form, and 129 responses were received and analysed. Regression analysis was conducted to test and support the hypotheses derived from this study. The results showed that perceived price, quality, trust, and risk influence young travellers' purchase intentions in booking Airbnb online. Of these four factors, trust has the most significant impact on young travellers' intentions to book Airbnb online. It is proven that perceived quality and trust are paramount in encouraging purchase intention for online services. The study provides insights to online travel operators on the factors to concentrate on improving their services to customers and assist them in boosting their sales in the future and achieving customer loyalty.

1. INTRODUCTION

Since its introduction in 2008, Airbnb has greatly changed the hotel industry landscape (Ert et al., 2016; Oskam & Boswijl, 2016). Currently, Airbnb has reached over 34,000 cities globally (Shuford, 2015), and in 2014, more than 155 million tourists stayed in Airbnb accommodation, nearly 22% more than Hilton Worldwide (Price Waterhouse Coopers, 2015). According to Ikkala (2014), there are two main styles of hosting through Airbnb. The first one is called small hospitality, which refers to hosting situations where the host does not physically share the property (i.e., apartment) with the guest. The second one is the on-site hospitality type, where hosts and guests share the property. In Malaysia, short-term accommodation rentals through sharing economy platforms have grown significantly, with sales totalling RM129 million. Razli et al. (2017) stated that these short-term accommodation rentals had considerably impacted the tourism lodging sector, significantly increasing the number of Airbnb guest nights booked. Airbnb's growth has accelerated in recent years due to extensive marketing campaigns by Airbnb and brand awareness in other regions.

In Malaysia, Airbnb grew by over 137% over the year with roughly 32,000 daily listings, which is considered the highest in the Asian Region (The Star Online, 2018). Airbnb is prevalent in popular tourist hotspots such as Kuala Lumpur, Penang, Port Dickson, and Ipoh. (Al Sadat Zyed et al., 2020). The incremental growth of online booking is a new trend within the tourism industry (Bhatiasevi & Yoopetch, 2015). Razli et al. (2017) reported that guests from 78 countries worldwide have travelled to Malaysia using this peer-to-peer sharing site and booked accommodation via Airbnb. Local governments have recognised its potential and benefits to the local economy, resulting in several efforts to encourage more people to use this platform. For example, in Visit Malaysia 2014, the Malaysian government has taken some initiatives to promote Airbnb to encourage tourists to book accommodations to boost the tourism industry and the local real estate market (Tourism Malaysia, 2016).

Youth travel is one of the world's fastest growing and most dynamic tourism markets. According to the World Tourism Organization (UNWTO), young people accounted for approximately 20% of all international tourist arrivals in 2010. There are 28.25 million young travellers in Malaysia (Malaysia Department of Statistics, 2010). Malaysia's 1997 National Youth Development Policy ranges from 15 to 40 years old (Azhar et al., 2020). Young Malaysians today are raised in an environment that provides a broad range of travel opportunities (Ting et al., 2015). Young travellers have high motivation and ample leisure time in visiting new destinations, despite having relatively low disposable income levels. An inexpensive and short-haul destination attracts young travellers despite the financial constraint (Jang et al., 2004). Although they have limited financial resources, young travellers have high expectations regarding the significance of value for money (Glover, 2010). They are willing to pay a higher price if they believe the goods, services, or experience is worthwhile.

Up to 2021, Airbnb has indeed become a popular choice of accommodation rental worldwide. However, the significant impact of Coronavirus Disease (COVID-19) was visible through statistics that showed a gradual increase after 21st June 2020, when the MCO restrictions became more lenient (Hirschman, 2020). Airbnb customers increased more than hotel customers due to the advancement of technology impacting every industry, especially the tourism industry. Tourists use the internet and applications to book for Airbnb (Augustine & Adnan, 2020). The Malaysian Reserve said that the rise of the Airbnb industry is because there are various hotel options here in Malaysia, especially in Kuala Lumpur. The rise of Airbnb is also one of the main reasons why customers prefer Airbnb to hotels (Augustine & Adnan, 2020).

Statistics also show that travellers made most of the Airbnb bookings within the young travellers' age range (Priporas et al., 2017). Therefore, the choices made by the young travellers must be affected by certain variables which determine their purchase intention for Airbnb (Feng, 2018). Following these revelations and the increasing listings of Airbnb in Kuala Lumpur (Ho et al., 2019), there should be an in-depth study on the purchase intentions made by Young Travellers. In-depth studies have proven that the Young Traveller market is the most prominent travellers responsible for booking Airbnb in Kuala Lumpur. This research investigates the role of Airbnb attributes and determines which Airbnb attributes influence the Malaysian young travellers' purchase intention. There are fewer studies on the Airbnb accommodation experience related to young Malaysian travellers. However, there has been an increasing interest in the customers' attributes and more suffocated theoretical explanations related to Airbnb's perceived price, quality, trust, and risk (Sthapit & Jiménez-Barreto, 2018). The revelation provides an opportunity to narrow down the field of study from the entire nation of Malaysia to Kuala Lumpur, which is the focal point of Airbnb accommodations in Malaysia. Therefore, it is essential to know if perceived price, quality, trust, and risk factors will affect young travellers' intentions to purchase Airbnb online.

2. LITERATURE REVIEW

2.1 Purchase Intention

Intention encompasses behavioural motivations to engage in the conduct. For the context of this study, the use of the Theory of Planned Behaviour (TPB) is essential as it focuses on Purchase Intention - a result of human behaviours and norms. TPB discusses how people's conduct is determined by their desire to execute a specific activity (Ashraf et al., 2019) and is frequently used to evaluate human behaviours. Furthermore, as Ashraf et al. (2019) explained, TPB asserts that the immediate antecedent of genuine action is someone's intention to participate in such behaviour. Intention encompasses behavioural motivations to engage in the conduct. Several underlying influences on a person's purchase intention will affect the intention and ultimately purchase a product or service (Gogoi, 2013).

Purchase intention refers to a customer's willingness to purchase a product or service under such circumstances (Usman & Okafor, 2019). Mirabi et al. (2015) define purchase intention as a situation where a consumer intends to buy a specific product in a particular condition. Aside from that, purchase intention is an indicator of the consumer's actual purchase decision. The product's cognitive customer status determines the plan for the customer to purchase the product or service, also known as purchase intention (Hasanov, 2015). Additionally, consumers can be affected by either internal or external motivations during the buying process (Gogoi, 2013). Research has suggested six stages before purchasing: awareness, knowledge, interest, preference, persuasion, and purchase. (Kotler & Armstrong, 2010; Kawa et al., 2013). Saleem et al. (2015) state that purchase intention is effective in predicting consumers' buying process. Thus, the study of purchase intent is critical because it allows marketers better to understand consumer behaviour.

2.2 Perceived Price

Price refers to what is sacrificed or given to purchase a good or service. Perceived price refers to a customer's evaluation of a product's value, including monetary, time, search, effort, and psychological costs (Wang & Chen, 2016). Nonetheless, price is an essential predictor of consumer purchase intentions as the perceived price is a direct and indirect predictor of

consumers' purchase intention, which ultimately affects customers' purchase behaviour (Chiang, 2014). On the other hand, an accurate monetary price is an actual price, whereas the perceived price is encoded by consumers (Wang & Chen, 2016). Pappas (2017) pointed out that Consumers sought to get the greatest possible "value for money," therefore, pricing and total spending considerations were essential in choosing accommodations, causing travellers to switch from traditional hotels and toward sharing economy accommodations. According to Mao and Lyu (2017), travellers appreciate their high service quality and low costs. In a study conducted by Guttentag (2016), most consumers think that the most compelling reason to use Airbnb is its low cost.

2.3 Perceived Quality

Perceived quality is a customer's perception of the general product or service concerning one product or service compared to other alternatives (Saleem et al., 2015). Perceived quality is characterised as the customer's perception of the general quality or superiority of one product or service compared to other products considering its expected target case (Mirabi et al., 2015). Perceived quality is a broad and intangible impression of a brand. The price is often replaced by the customer's perception of the overall quality of the product or service (Abidin, 2015). The quality of a product is determined by how well it meets the needs of its consumer, which may include a variety of features and how well it performs (Saleem et al., 2015). Mirabi et al. (2015) further add that product quality is also determined by understanding and measuring consumer needs. Therefore, customer perceived quality is a customer's perception of the quality superiority of the products (Porra, 2017). Perceived quality is an asset for a company in an online marketplace because it influences a customer's purchase intention (Navitha Sulthana & Vasantha, 2021). Thus, with the vast advancement of technology, consumers can obtain product quality information over the internet, simultaneously promoting the overall superiority of the product information globally. Moreover, Navitha Sulthana and Vasantha (2021) highlighted that consumers are particular about product quality. Hence perceived quality plays a significant role in product sales. Consumers are more encouraged to purchase a product if they believe the product is of high quality. According to Saleem et al. (2015), the customer perception of a product after usage is known as purchase intentions.

2.4 Trust

Trust is one of the most crucial aspects of the customer-seller relationship. Ert et al. (2016) stated that trust is among the most significant aspects of conducting an online transaction. Furthermore, it is based on moral responsibilities, which establish the expectations of all parties engaged in the service system, indicating that the hosts and the organisation behind the web platform (e.g., Airbnb) would behave adequately and faithfully (Tussyadiah & Park, 2018). Two strangers are unlikely to engage in a monetary transaction unless they trust one another. When customers have a higher level of trust in an online retailer, they are more likely to purchase online (Lim & Cham, 2015). According to Ert et al. (2016), guests on Airbnb use listing information such as high positive online reviews to make an online booking decision. Chen & Chang (2018) stated that a free-form text comment through which the customers describe their experience with and or perception of the service used served as a valuable reference for potential future customers.

2.5 Perceived Risk

Tourists today tend to opt for purchasing travel elements online, such as the case with Airbnb bookings and rental purchases. However, in an online environment, perceived risk is a significant influencer to consumption. Lim et al. (2019) stated that perceived risk is one of the psychological processes encountered by consumers when purchasing goods online. Therefore, perceived risks are a negative influencing factor to consumer consumption and behaviour studies. Apart from being a significant negative input to consumer behaviour studies, having a perception of risk for a product or service often induces a negative behaviour towards it (Wang et al., 2019), such as showing hindrance and reluctance to purchase (Wang et al., 2019).

For the context of this study, this would mean that tourists may not choose to rent Airbnb due to the risks it may oppose upon the tourist, such as those mentioned by the authors. Kotler and Kotler (2018), in Loh et al. (2021) 's study, also indicated that perceived risk factors include finance, functionality, physical and psychological risks. Furthermore, Airbnb bookings are made on the Airbnb website or application- an online environment anyone can access, offering a different sense of experience that may not be available in other accommodation booking options. Consumers may interpret this experience differently, as travel and tourism experiences tend to be very subjective (Loh et al., 2021). This variability would include the risks that may affect the tourists' experience before, during and after their stay, such as those mentioned by authors Loh et al. (2021). Thus, this indicates that perceived risks have a significant relationship with the purchase intention of Young Malaysian Travelers in booking Airbnb Online.

2.6 The Relationship among Variables

2.6.1 Perceived Price and Purchase Intentions

Consumers consider perceived price to be more relevant than monetary price (Bei & Chiao, 2001). Lichtenstein et al. (1993) classified perceived price into two negative and positive roles. The opposing roles are value consciousness, price consciousness, coupon proneness, sale proneness, and price mavens and the positive roles are the price-quality schema and prestige sensitivity. According to Mao and Lyu (2017), travellers appreciate their value from excellent service quality and low prices. According to Guttentag (2016) research, most consumers feel that the most significant reason to use Airbnb is its low cost. Airbnb was promoted as the concept of 'low cost' to attract customers (Ennion, 2013). According to Nicolau (2012), the research found that price sensitivity significantly impacts how travellers select their accommodation. Therefore, this study hypothesised that perceived price has a significant relationship with purchase intentions. Thus, the hypothesis proposed for H1: There is a significant relationship between perceived price and purchase intention.

2.6.2 Perceived Quality and Purchase Intention

Customer perceived quality is a customer's perception of the quality superiority of the products (Porra, 2017). Several standards may be involved, individually or simultaneously, in such an evaluation (Baker & Crompton, 2000; Boulding et al., 1993; Zeithaml et al., 1993). Consumers' standards or expectations are usually based on two factors: what they want to find and what they think the business can provide. The firm's image, the consumers' personal needs, friends' feedback, ads, and the consumers' previous experience are important factors in shaping these perceptions (Maestro et al., 2007). In the context of services, perceived quality is often conceptualised as a multidimensional term. The consumer evaluates the service's quality using various dimensions performed to how it is delivered. According to Saleem et al. (2015), the