

CHAPTER I

INTRODUCTION

1.1 Research Object Overview

1.1.1 Company Profile



Figure 1.1 Airbnb Logo

Source: Airbnb (2017)

Airbnb is an online marketplace and hospitality service, which enables people to lease or rent short-term lodging including vacation rentals, apartment rentals, homestays, hostel beds or hotel rooms. The Company does not own any lodging, it is merely a broker and receives percentage service fees from both guests and hosts in conjunction with every booking. Airbnb is a global travel community that offers magical end-to-end trips, including where you stay, what you do and the people you meet. Airbnb uniquely leverages technology to economically empower millions people around the world to unlock and monetize their spaces, passions and talents to becomes hospitality entrepreneurs. Airbnb's accommodation marketplace offers access to 5+ millions unique places to stay in more that 191 countries, from apartments and villas to castles, treehouses and B&B's. With Experiences, people can see a different side to a destination through unique, handcrafted activities run by local, the best local restaurants in selected countries. All of this is brought together in one easy-to-use and beautifully designed website and application (Airbnb, 2008).

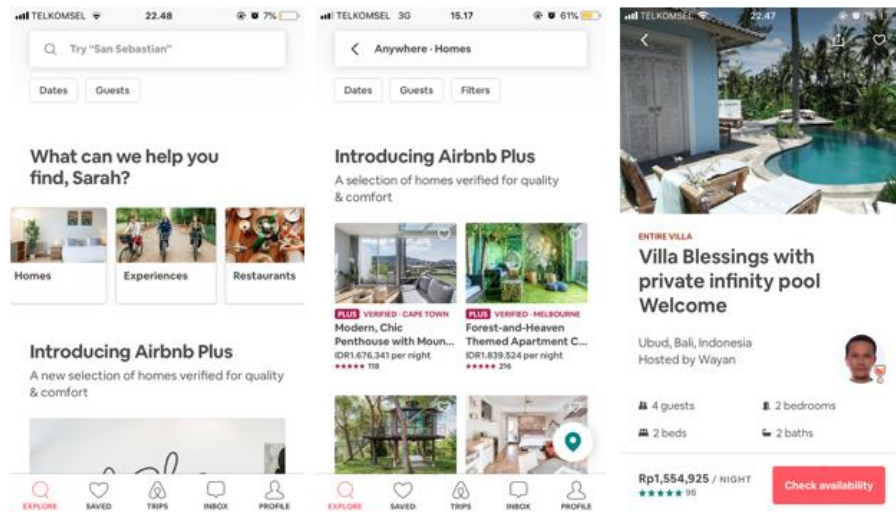


Figure 1.2 Airbnb Mobile App Interface
 Source: Screenshot Application Airbnb (2018)

Founded in August of 2008 and based in San Francisco, California, Airbnb is a trusted community marketplace for people to list, discover, and book unique accommodations around the world- online or from a mobile phone. Whether a spare bedroom, an apartment, a villa or a private island, Airbnb connects travellers a more diverse and authentic range of experiences in over 34,000 cities and 190 countries. The emergence of build Airbnb began with financial difficulties experienced by Brian Chesky and Joe Gebbia in 2007. At that time, they can barely pay rent where they live. Finally, they think to make a business out of an experience that. Initially, they bought three mattresses for rent and decided to create a website and the offered their place to rent to others. The Airbnb names is Air Bed and Breakfast.

The Airbnb concept itself is known as the concept of sharing economy or also known as collaborative consumption. Sharing economy, or collaborative consumption is a form of a new business model built on the concept of shared resources (Botsman, 2008). The ability to share these available resources then allows consumers to get access to goods or services when they need it, instead of having to buy it and only use it when they need it.

Botsman, an expert in the field of collaborative economy, divides collaborative consumption into three types. First, a product Service System that allows companies to offer goods as services, instead of selling them as products. Personally owned goods are leased to individuals (peer-to-peer). The second type, Redistribution Market. Items that have been previously owned are transferred from parties that do not need to where they need it. Such as online store that resells their unused personal items. The third type is a collaborative lifestyle. In this case, individuals with the same needs or interests join together to share or exchange intangible assets, such as time, space and skills. While the type of collaborative consumption used by Airbnb according to Bostman and Rogers (2010) is a type of collaborative lifestyle where this collaboration arises from the need or preferences of each individual to join and share or exchange assets.

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

1.2 Research Background

The development of the internet which increased from year to year gives an impact on digital technology development and for the people as its users. In general, the internet is useful for connecting people in various parts of the world, besides that the internet is also used to convey information more quickly and easily.

In Indonesia, the number of internet users 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. This number puts Indonesia ranked as the sixth largest in the world in terms of Internet users and estimates that Indonesia will reach 123 million people, beating Japan in the fifth rank.

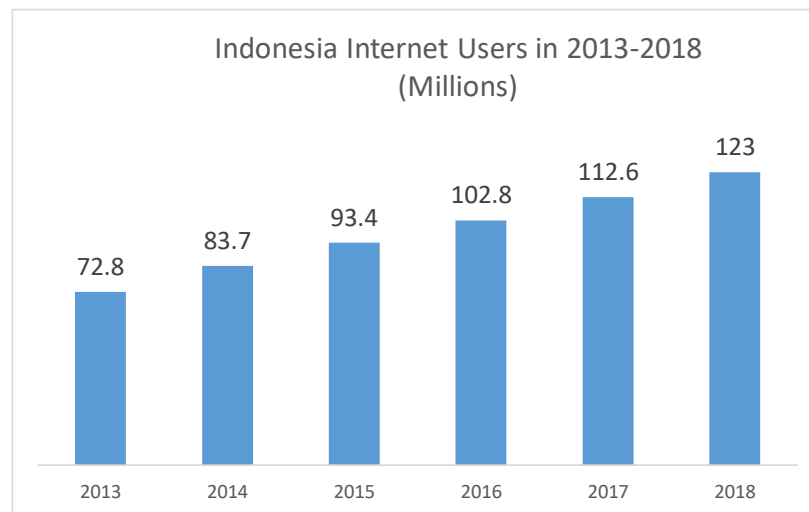


Figure 1.3 Indonesia Internet Users in 2013-2018

Source: techinasia (2018) Modified by Author

Internet in Indonesia is currently the main requirement of its users. With the internet being able to obtain a lot of information and also in business no longer experiencing difficulties in obtaining information, this is also used by business people in Indonesia. 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.

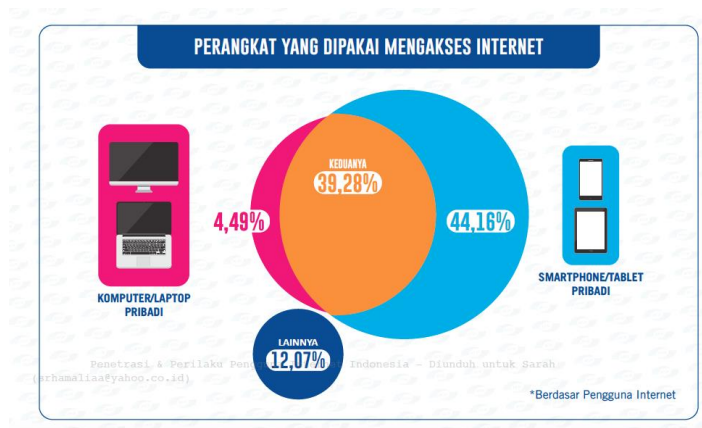


Figure 1.4 Users internet in Indonesia

Source: APJII (2017)

From figure 1.2 above, it can be seen that 44.16% of total population using internet users access via smartphone, 39.28% access the internet using two devices, namely smartphones and computers, while only 4.49% use computers. Research institutes digital marketing eMarketer, a market research company, reveal that Indonesia is in the seventh position as the biggest number for smartphone users in the world and predicts it will pass 103 million smartphone users, firmly established as the fourth-largest smartphone user population in 2018.

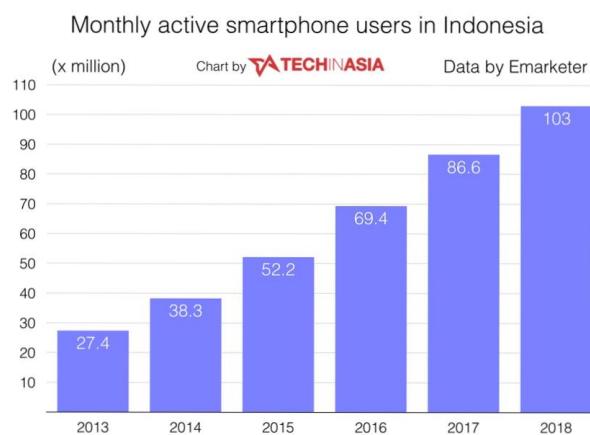


Figure 1.5 Monthly active smartphone users in Indonesia

Source: techinasia (2018)

Seeing the significant growth of internet users in Indonesia has changed the pattern of social interaction from traditional interactions to modern society, one of which is started to digitize their activity such as changing the shopping habits from exploring store to store to online shopping. In the business world, the internet allows consumers to get information and more choices than ever before. The success of a company can be achieved by managing more and faster information to be one step ahead of other competitors. 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 growing rapidly and has a great demand. Nowadays, traveling has become a necessity which is really wanted by many people and becomes a lifestyle. Travelling can be decipherable like visiting a place or region for holiday. Commonly, people who visit a place have another intention such as to know further about the place they visit with a good preparation (Akaudsyifa, 2015).

One of the business-based applications in the field of hospitality service is Airbnb. The authors chose Airbnb application due to the fact that this application has become the most favorite for hospitality business and Airbnb is the biggest online marketplace to register and rent accommodation around the world. The accommodations here are a kind of an apartment, villa, house, or luxurious residence for a different traveling experience. Airbnb provides cheap and comfortable accommodation for travellers. The traveler can choose the accommodation which is suitable with their budget, hence Airbnb is more preferable by the travellers compared to conventional hotel and hostel which has already existed earlier. The Airbnb company starts up in San Francisco, California. 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, 2017).

Airbnb is one of application that provides a hospitality service such as homes, apartments or villas for holidays out of town or abroad and allows people to rent short-term or long-term accommodation. This application allows travelers including backpackers who need a cheap place to stay as an alternative. Airbnb's revenue growth is also much higher compared to other revenue companies. Airbnb has increased in 2015 by 113% year-on-year revenue growth (Cbinsights, 2018).

Now, Airbnb is a profitable "home sharing" platform. Proof of Chesky's courage and genius, Fortune magazine named him Worlds Greatest Leader number 19. In mid-March, he was also invited in front of the Economic Club of New York, a 110-year-old organization consisting of world business leaders (Economy.okezone,2018).

Airbnb growth globally has the potential value of success and large growth seen from Figure 1.4 shows that airbnb is ranked first and has increased from year to year. Airbnb has a good reputation in the customer's eyes compared to several other competitors such as booking .com,

Hotels.com, Marriott International, Hilton, Vrbo.com, InterContinental Hotels Group, HomeAway, Trivago, and Choice Hotels International.



Figure 1.6 Top 10 Hotel & Accommodation, Ranked
Source: emarketer (2017)

Global hospitality marketplace Airbnb will expand its business in Indonesia as it considers the country to be one of the most important markets in the Asia-Pacific. Airbnb's country manager for Southeast Asia, Hong Kong, and Taiwan, Robin Kwok, said that Indonesia is one of the fastest growing countries in terms of inbound travel, with nearly 38,000 local homes currently listed on its rental website. "Indonesia is such an important country, not only in Southeast Asia, but also for the rest of APAC [Asia Pacific]," Kwok told The Jakarta Post (Thejakartapost, 2017).

In Indonesia, its growth in 2017 reached 72% compared to the previous year. (Mich Goh, Head of Public Policy for Southeast Asia Airbnb from phinemo.com) and has increased order in the New Years Eve night in 2009 until 2017. In 2009 or New Years Eve to 2010, the orders for room inns reached up to 1.400 orders. 2009 is Airbnb first year, but the numbers of order is increased in the New Years Eve until it reached up to 3 million

orders in the 2017 New Years Eve. The increasing of the order numbers in Airbnb in every New Years Eve is always exponential (Merdeka,2018).

Airbnb is considered a company that has the good reputation in the customers compared to some of its competitors such as TripAdvisor, Booking.com, and Agoda (Rentivo, 2018). This can be seen in table 1.1.

Table 1.1 Data Reputation Amongst Guest Hospitality Service Apps

Hospitality Service Application Name	Reputation Amongst guest
Airbnb	31%
TripAdvisor	22%
Booking.com	18%
Agoda	1%

Source: The Chart was made by the author based on Rentivo.com, 2018

From the above data, Airbnb is considered to have the good reputation in the customers as much as 31%. This means that Airbnb has great potential for success and growth. The raising of Airbnb selling income over the years is always increased. In 2015, Airbnb earned \$ 0.9 billion net revenue, in 2016 it earned \$1,8 billion net revenue, and keep increasing in 2018 up to \$5,1 billion. Airbnb selling income will keep increasing until 2020 (Sharepost, 2018).

Airbnb is an application for traveling online favorite for hospitality services. Airbnb application has been downloaded as 50 million in Google Play store. Airbnb applications have a very good rating of 5 and 4.5 on the app store and play store.



Figure 1.7 Rating Airbnb Application in App Store & Play Store

Source: similarweb (2018)

This application has existed since 2011 but it's getting more popular among the people in Indonesia lately. Having the same concept like rent for a hotel room but the facility in Airbnb is more complete generally like kitchen, washing machine, and private swimming pool. Beside rent for a house or hotel room, Airbnb application also has another features like restaurant, Airbnb also add Experience feature where users are able to book a place, tour guide, and Travel stories.

The difference between Airbnb application and other hospitality service application is Travel Stories, Airbnb has just announced the latest feature in its application called Travel Stories. Through this feature, users can create and upload a series of videos to show highlights or summaries of their journey. (LegaleraIndonesia, 2018)

From the above phenomenon that proves the rapid growth of Airbnb in Indonesia. The author would like to conduct a research which is entitled **“ANALYZING CONTINUANCE INTENTION TO ADOPT HOSPITALITY SERVICE APPLICATION BY USING A MODIFIED UNIFIED THEORY OF ACCEPTANCE AND USE OF TECHNOLOGY 2: A CASE STUDY OF AIRBNB IN INDONESIA”**.

The author choose Airbnb application as this object of this research because Airbnb application is one of the most used hospitality service applications and the growth of Airbnb sales revenue has increased every year. The author also has the curiosity to analyze the Continuance Intention of Airbnb application users in Indonesia. Also, Airbnb application has never become the object and analyzed before in Indonesia by using UTAUT2 method, so the author hope this research will fill the blank by conducting the research regarding Hospitality Service Application.

1.3 Problem Statement

Indonesia is one of the fastest growing countries in terms of inbound travel. Airbnb application has become the most favourite for hospitality business and Airbnb is the biggest online marketplace to register and rent accommodation around the world. Airbnb provides cheap and comfortable accommodation for travelers. The traveler can choose the accommodation

which is suitable for their budget, hence Airbnb is more preferable by the travelers compared to conventional hotel and hostel which has already existed earlier. In Indonesia, Airbnb application is proven by the fact that Airbnb is considered to have the good reputation in the customers as much as 31%, Airbnb in Indonesia its growth in 2017 reached 72% compared to the previous year. In 2017 number of order is increased up to 3 million order in New Year Eve.

By the successful growth of Airbnb application in Indonesia. there has to be several factors influencing it. But even though Airbnb application has been downloaded and used by many, there is none of a study that analyze the factors influencing users to use Airbnb application continuously for the hospitality service solution in Indonesia. Therefore, Airbnb application need to realize there are factors that can influence the continuance usage of Airbnb application itself, so it is necessary for the author to identify the variables that are taken into the consideration as the factors influencing the continuance intention in adopting Airbnb application in Indonesia.

1.4 Research Question

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

1. Based on the modified UTAUT 2 Model (Performance Expectancy, Effort Expectancy, Facilitating Condition, Social Influence, Hedonic Motivation, Price Saving Orientation, Habit, and Trust) how much is the users' assessment to continuously using Airbnb application in Indonesia?
2. How much is the score of continuance intention of consumers towards Airbnb application in Indonesia?
3. Based on the modified UTAUT2 Model, what are the factor influencing consumers' Continuance Intention in the context of Airbnb application in Indonesia?
4. Do the differences in age and gender affect the influence of variables in the UTAUT2 modification model on the Continuance Intention of customer in Indonesia in using Airbnb application?

5. Can this research model of modified UTAUT2 be used for predicting the continuance intention of Airbnb application in Indonesia?

1.5 Research Objectives

The objectives of this research are:

1. To analyze how much is the tendency of users' assessment to continuously using Airbnb application in Indonesia (Performance Expectancy, Effort Expectancy, Facilitating Condition, Social Influence, Hedonic Motivation, Price Saving Orientation, Habit, and Trust).
2. To analyze how much is the continuance intention of consumers towards Airbnb application in Indonesia.
3. To test the factors influencing continuance intention on using Airbnb application in Indonesia based on the modified UTAUT2 Model.
4. To test if age and gender have an impact on the factors of modified UTAUT2 Model which influence Airbnb application users on continuously using Airbnb in Indonesia.
5. To test whether this research model of modified UTAUT2 be used for predicting the continuance intention of Airbnb application in Indonesia.

1.6 Significant of the Study

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

1.6.1 Academic Aspects

This research is expected to have a significant value in the application of the modified UTAUT2 model in predicting the continuance of Airbnb intention in Indonesia. This study of modified the UTAUT2 model by adapt Price Value with Price Saving Orientation variable, adding Trust variable, do not Include the Experience variable, also to find out customer's behavioral intention which is a customer's continuance Intention. The result of this research is also expected to fulfil marketing literature and supported previous research.

1.6.2 Business Aspects

This research is hopefully could be used to understand consumers' preferences towards hospitality services application adoption in Indonesia which could be beneficial for the companies to understand the factors that strengthen the service. The result of this study can be used Airbnb management as input and recommendation for doing Airbnb services by involving understanding factors that influencing continuance intention of Airbnb consumers.

1.7 Research Scope

1.7.1 Location and Object of Study

This research studied about customer continuance intention in using technology-based services such as the use of mobile application service of Airbnb. To determine the factors that influence continuance intention in using Airbnb applications, should be based on the perception of the users of smartphones. It is because this mobile application can only be accessed using a smartphone with iOS or android-based system operation. So, the object of this study is Airbnb application. In addition, the experience of Airbnb consumer who already used this application for about three times booking also required to performing the analysis for this research to get more accurate data.

The research location is limited only by collecting the respondents from Indonesia. Variables that will be used on this research are Performance Expectancy, Effort Expectancy, Facilitating Condition, Social Influence, Hedonic Motivation, Price Saving Orientation, Habit, Trust and Continuance Intention. This research also uses moderate variable Gender and Age. In the age of 17-60 years old.

1.7.2 Time and Period

The period of this research is approximately 4 months, which is from October 2018 until January 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 gives the object overview, the background of the study, problem statement, formulating the research questions and objectives, show the significance of the study in terms of academic and business aspects. Then, explaining the research scope.

CHAPTER II LITERATURE REVIEW:

This chapter contains some related theories of this study, also reviews related literatures by previous researchers. Based on these literatures the theoretical framework and hypotheses are developed.

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 RESULT AND DISCUSSION:

This part consists of of chronological and systematical result of the research based on the problem statement and objectives of the research.

CHAPTER V CONCLUSION AND SUGGESTION:

This chapter summarizes research findings, implications of the findings and limitation of the study. Answer the research questions, make a conclusion and provides some suggestions.