

ABSTRACT

The sharing economy has grown tremendously in the tourism industry. For instance, Airbnb has become one of the locals' top choices of short-term rental accommodation in Indonesia. With many competitors in the lodging market, factors such as electronic word of mouth (eWOM), perceived value and, trust plays a crucial role of a customer purchase decision.

The purpose of this study is to examine the effect of electronic word of mouth, perceived value and trust on purchase decision of Airbnb in Indonesia. The subdimensions of this study for the variable eWOM are Information Quality, Information Quantity and, Information Credibility. The subdimensions of the variable Perceived Value are, Emotional, Social, Quality and price value. Lastly, the subdimensions of the variable Trust are, Benevolence, Ability and, Integrity.

This research uses quantitative research methodology by conducting a survey through Google Form. The sample size used was 350 respondents which are based in Indonesia, have stayed in an Airbnb in Indonesia. The analysis uses a SEM model analyzed by using SmartPLS 4 application.

Based on the results, the author have found that EWOM, perceived value and, trust positively and significantly influences purchase decision. The proposed model is capable to predict the purchase decision of Airbnb accurately by 31.4%.

Airbnb is advised to take into consideration on marketing their high ratings accommodation by working with influencers across various social media platforms to increase their electronic word of mouth. In addition to competing with the many competitors of short-rental accommodations, Airbnb hosts are advised to develop a good pricing strategy based on competitors' price reactions and form a strategic response. Given that the relationship between hosts and guest is essential, having a fast respond time for communication between hosts and their customer increases their trust upon one another.

Keyword: e-WOM, Perceived Value, Trust, Purchase Decision, Airbnb