

**DETERMINANTS AND SERVICE QUALITY  
DIMENSIONS OF PURCHASE INTENTION  
TOWARDS PEER-TO-PEER ACCOMMODATION IN  
MALAYSIA**



**WONG TZE SHENG**

**UMS**  
UNIVERSITI MALAYSIA SABAH

**FACULTY OF BUSINESS, ECONOMICS AND  
ACCOUNTANCY  
UNIVERSITI MALAYSIA SABAH  
2023**

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DIMENSIONS OF PURCHASE INTENTION  
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MALAYSIA**

**WONG TZE SHENG**



**THESIS SUBMITTED IN FULFILLMENT OF THE  
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OF PHILOSOPHY**

**FACULTY OF BUSINESS, ECONOMICS AND  
ACCOUNTANCY  
UNIVERSITI MALAYSIA SABAH  
2023**

# UNIVERSITI MALAYSIA SABAH

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Disahkan Oleh,

**WONG TZE SHENG**  
**DB1911013T**

(Tandatangan Pustakawan)

Tarikh: 15 Mac 2023

(Prof. Dr. Jennifer Chan Kim Lian)  
Penyelia

## DECLARATION

I hereby declare that the material in this dissertation is my own except for quotation, excerpts, equations, summaries and references, which have been duly acknowledged.

14 November 2023

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Wong Tze Sheng  
DB1911013T



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## CERTIFICATION

NAME : **WONG TZE SHENG**  
MATRIC NO. : **DB1911013T**  
TITLE : **DETERMINANTS AND SERVICE QUALITY DIMENSIONS  
OF PURCHASE INTENTION TOWARDS PEER-TO-PEER  
ACCOMMODATION IN MALAYSIA**  
DEGREE : **DOCTOR OF PHILOSOPHY IN HOSPITALITY  
MANAGEMENT**  
FIELD : **TOURISM**  
VIVA DATE : **14 NOVEMBER 2022**



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### **SUPERVISOR**

Prof. Dr. Jennifer Chan Kim Lian

---

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Without the assistance, cooperation and guidance of several parties, this PhD dissertation would not be achievable. I would like to take this opportunity to thank everyone who has helped and guided me in completing this research.

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Once again, my sincere gratitude to those who have directly and indirectly assisted me and brought this research study to its completion.

Thank you.

Wong Tze Sheng

14 November 2022

## ABSTRACT

Peer-to-peer accommodation is a type of accommodation that possesses unique characteristics which involves more personal interactions between host and guest. Peer-to-peer accommodation has been growing rapidly worldwide that it has changed the way travellers accommodate at their destinations. Thus, the purpose of this research is to understand the determinants and service quality dimensions of the purchase intention towards peer-to-peer accommodation in order to make this business model sustainable in Malaysia. This study also extends the Theory of Planned Behaviour impact on the peer-to-peer accommodation and identifies the strategies to overcome the challenges in the context of peer-to-peer accommodation in Malaysia during COVID-19 pandemic. Exploratory sequential mixed methods approach is implemented in this study. Ten peer-to-peer accommodation hosts and 15 peer-to-peer accommodation guests are interviewed in the qualitative research approach. Subsequently, 391 samples are collected through the questionnaire survey in the quantitative research approach. The results revealed that feeling like a home, local cultural experience and price competitiveness of determinants as well as home facilities and personal advice of service quality dimensions significantly affect the purchase intention towards peer-to-peer accommodation with or without attitude as the mediator. This thesis also demonstrated the position of Theory of Planned Behaviour in the hospitality industry in term of its applicability whereby attitude, subjective norm and perceived behavioural control were proved to significantly influence the purchase intention towards peer-to-peer accommodation. Additionally, this research unveiled the strategies to overcome the challenges of peer-to-peer accommodation during COVID-19, namely re-pricing, long-term rental and downsizing. Lastly, this thesis discussed its contributions in term of the theoretical implications and practical implications. As for theoretical contribution, the current research distinguished peer-to-peer accommodation from hotels in terms of the determinants of purchase intention and service quality dimensions. This research also demonstrated the applicability position of Theory of Planned Behaviour in the context of peer-to-peer accommodation in Malaysia. As for practical contributions, this research yielded enormously amount of precious managerial information for the practitioners in order to improve the overall peer-to-peer accommodation sector. In addition to making practical implications, this research also addressed the strategies to overcome the challenges of peer-to-peer accommodation during COVID-19 in Malaysia.

## **ABSTRAK**

### ***PENENTU DAN DIMENSI KUALITI PERKHIDMATAN TERHADAP NIAT PEMBELIAN PENGINAPAN RAKAN KE RAKAN DI MALAYSIA***

*Penginapan rakan ke rakan ialah sejenis penginapan yang mempunyai ciri unik yang melibatkan lebih banyak interaksi peribadi antara tuan rumah dan tetamu. Penginapan rakan ke rakan telah berkembang pesat di seluruh dunia. Ia telah mengubah cara pelancong menginap di destinasi mereka. Oleh itu, tujuan penyelidikan ini adalah untuk memahami penentu dan dimensi kualiti perkhidmatan niat pembelian terhadap penginapan rakan ke rakan untuk menjadikan model perniagaan ini mampan di Malaysia. Kajian ini juga melanjutkan kefahaman Teori Tingkah Laku Terancang ke atas penginapan rakan ke rakan dan mengenal pasti strategi untuk mengatasi cabaran dalam konteks penginapan rakan ke rakan di Malaysia semasa pandemik COVID-19. kaedah gabungan penerokaan berturutan dilaksanakan dalam kajian ini. Sepuluh tuan rumah penginapan rakan ke rakan dan 15 tetamu penginapan rakan ke rakan ditemu bual dalam kaedah penyelidikan kualitatif. Seterusnya, 391 sampel dikumpul melalui tinjauan soal selidik dalam kaedah kajian kuantitatif. Keputusannya menunjukkan bahawa penentu-penentu termasuk perasaan seperti di rumah, pengalaman budaya tempatan dan daya saing harga serta dimensi-dimensi kualiti perkhidmatan termasuk kemudahan rumah dan nasihat peribadi mempengaruhi secara ketara ke atas niat pembelian terhadap penginapan rakan ke rakan dengan atau tanpa sikap sebagai pengantara. Tesis ini juga menunjukkan kedudukan Teori Tingkah Laku Terancang dalam industri perhotelan dari segi kebolehgunaannya di mana sikap, norma subjektif dan kawalan tingkah laku terbukti mempengaruhi secara ketara ke atas niat pembelian terhadap penginapan rakan ke rakan. Selain itu, penyelidikan ini mendedahkan strategi untuk mengatasi cabaran penginapan rakan ke rakan semasa COVID-19, iaitu penetapan harga semula, penyewaan jangka panjang dan pengecilan saiz. Akhirnya, tesis ini membincangkan sumbangannya dari segi implikasi teori dan implikasi praktikal. Bagi sumbangan teori, penyelidikan ini membezakan penginapan rakan ke rakan daripada hotel dari segi penentu niat pembelian dan dimensi kualiti perkhidmatan. Penyelidikan ini juga menunjukkan kedudukan kebolehgunaan Teori Tingkah Laku Terancang dalam konteks penginapan rakan ke rakan di Malaysia. Bagi sumbangan praktikal, penyelidikan ini menghasilkan banyak maklumat pengurusan yang bernilai untuk para tuan rumah untuk menambah baik keseluruhan sektor penginapan rakan ke rakan. Selain itu, penyelidikan ini juga membincangkan strategi untuk mengatasi cabaran penginapan rakan ke rakan semasa COVID-19 di Malaysia.*



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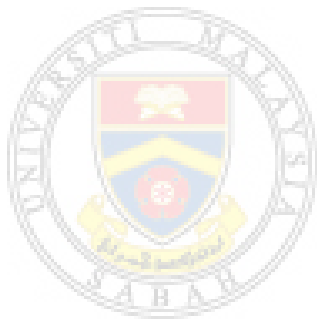
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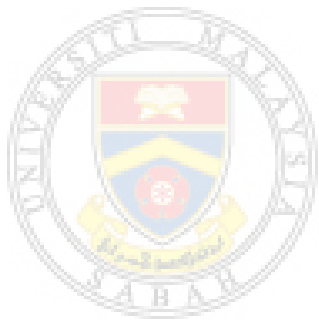


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## LIST OF ABBREVIATIONS AND ACRONYMS

<b>AIC</b>	-	Akaike's Information Criterion
<b>BIC</b>	-	Bayesian Information Criterion
<b>B2C</b>	-	Business-to-Consumer
<b>CAGR</b>	-	Compound Annual Growth Rate
<b>CAQDAS</b>	-	Computer Assisted Qualitative Data Analysis Software
<b>CBBE</b>	-	Consumer-Based Brand Equity
<b>CC</b>	-	Collaborative Consumption
<b>CFI</b>	-	Comparative Fit Index
<b>CMCO</b>	-	Conditional Movement Control Order
<b>CSR</b>	-	Corporate Social Responsibility
<b>C2C</b>	-	Consumer-to-Consumer
<b>eWOM</b>	-	Electronic Word of Mouth
<b>GDP</b>	-	Gross Domestic Product
<b>GST</b>	-	Good & Service Tax
<b>IAA</b>	-	Impact Asymmetry Analysis
<b>ICT</b>	-	Information and Communication Technology
<b>IRPA</b>	-	Impact-Range Performance Analysis
<b>MCO</b>	-	Movement Control Order
<b>NGO</b>	-	Non-Governmental Organization
<b>PhD</b>	-	Philosophy of Doctorate
<b>RMSEA</b>	-	Root Mean Square Error of Approximation
<b>SEM</b>	-	Structural Equation Modeling
<b>SOP</b>	-	Standard Operating Procedure
<b>SRMR</b>	-	Standardized Root Mean Square Residual
<b>STRA</b>	-	Short-Term Residential Accommodation
<b>TLI</b>	-	Tucker-Lewis Index
<b>TPB</b>	-	Theory of Planned Behaviour
<b>TRA</b>	-	Theory of Reasoned Action
<b>TWG</b>	-	Technical Working Group
<b>UNWTO</b>	-	The World Tourism Organization

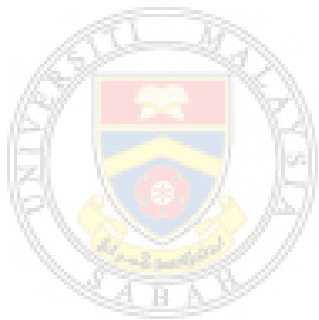
- VAT** - Value-Added Tax  
**WGHSE** - Working Group on Home Sharing Economy



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# CHAPTER 1

## INTRODUCTION

### 1.1 Introduction

This chapter presents an overview of the research background, problem statement, research objectives, followed by the research questions, significance of the research, scope of the research, structure of the research and ends with a summary.

### 1.2 Research Background

In Malaysia, the peer-to-peer accommodation has been classified as "Short-term Residential Accommodation (STRA) which is an activity where home-owners operate short term rental and list their residential accommodation on digital platforms such as Airbnb, Agoda, HostAStay and MyCribBooking.com" (Malaysia Productivity Corporation, 2019: 4). There are two major peer-to-peer accommodation platforms identified in Malaysia, namely Airbnb and HomeAway (Razli, Jamal & Zahari, 2018). The typology of peer-to-peer accommodation hosts is still not well defined yet (Li et al., 2015), however, in Malaysia, peer-to-peer accommodation hosts are defined as the owner or tenant who rent out their accommodation on a STRA platform such as Airbnb (Malaysia Productivity Corporation, 2019).

Peer-to-peer accommodation is clearly distinguished from homestay. Shukor, Salleh, Othman & Idris (2014: 3) explained homestay as "a form of tourism product which provides accommodation service to tourists. This service is provided at tourism destinations which are located further from the cities. As these tourism destinations are located in the outskirts/rural areas and have no accommodation services such as hotels, resorts and chalets, the village communities have taken the initiative to

provide accommodation facilities by hosting the tourists at their homes.” Thus, peer-to-peer accommodation is very different from hotel, resort, homey and any other accommodation product.

Peer-to-peer accommodation has been popular worldwide since the launch of Airbnb in San Francisco (Kaplan & Nadler, 2017; Lee, Chan, Balaji & Chong, 2018; Li, Moreno & Zhang, 2015; O'Regan & Choe, 2017). Peer-to-peer accommodation possesses unique characteristics which involves more personal interactions between host and guest (Belarmino & Koh, 2020). However, peer-to-peer accommodation in Malaysia is still at the infancy stage as it has been started relatively late compared to Hong Kong, Paris, New York, London and Tokyo (Razli, Jamal & Zahari, 2017a). Furthermore, peer-to-peer accommodation sector has been suffering during the COVID-19 pandemic as the occupancy rate was set to plunge. The occupancy rate of peer-to-peer accommodations in Malaysia was recorded a 70% drop in just less than three weeks (The Edge Market, 2020).

The novel peer-to-peer accommodation has changed the way travellers accommodate at their destinations while everyone else in the world has an opportunity to rent their unused spaces to travellers from thousands of kilometres away (Airbnb, 2020b). Travellers have more accommodation types to choose from, instead of sticking to hotels only. For instance, shared rooms, houses, treehouses, or even castles are available (Birinci, Berezina & Cabanoglu, 2018). As a result, the hotel sectors have been suffering in varying degrees of declining sales with the emergence of peer-to-peer accommodations (Xavier, 2019). There was evidenced by the data of Zervas et al. (2014) revealed that 0.37% of hotel revenue was affected negatively with every 10% increase of peer-to-peer accommodation in Airbnb listings.

The most successful peer-to-peer accommodation platform, Airbnb, was valued to be worth USD31 billion in 2016 (Thomas, 2017; Ting, 2016). Among the peer-to-peer accommodation platforms, Gardiner & Dolnicar (2017) found Airbnb users have a high likelihood to repurchase the accommodation on Airbnb platform. This finding evidenced the substantial growth of Airbnb worldwide. In the year 2020, Airbnb was offering over seven million accommodations in more than 220 countries

and regions, with more than half a billion guest arrivals (Airbnb, 2020a). Since the first guest booked an air mattress from the Airbnb website in 2007, Airbnb has announced its intention to list itself as a publicly-traded company in 2020 (Airbnb, 2019). However, the plan was suspended due to the drastic hit of the COVID-19 outbreak (Entrepreneur Media, 2020).

The chief strategy officer of Airbnb, Nathan Blecharczyk has stated that Asia-Pacific has approximately 60% of the world's millennials yet there are only 15% listings of Airbnb located in Asia (Miller, 2017). Particularly, the huge number of young Chinese travellers is a major market for peer-to-peer accommodation all around the world as they have accepted the concept of sharing accommodations while traveling overseas (Xiang & Dolnicar, 2017). On the other hand, the consumer behaviour between European and Asian travellers differs in terms of the information's source, purchase intention, and the process as well as the post-purchase behaviour due to the influence of social and psychological factors (Mooij & Hofstede, 2011; Schütte & Vanier, 1995; Shi & Hui, 2022; Yuan, Song & Kim, 2011). Notwithstanding, most of the studies are only focused on Western regions such as the United States and Europe (Belarmino & Koh, 2020). Furthermore, as noted by Goodell (2020), the economic downturn worldwide due to COVID-19 pandemic will eventually be reflected in the spending behaviour of consumers. In short, the uncertainty of the consumer behaviour changes presents a huge challenge to the industry practitioners as the travel behaviour and pattern were no longer the same.

In the context of Malaysia, it is uncertain what the determinants of purchase intention and service quality towards peer-to-peer accommodation (Aw & Ch'ng, 2019). Furthermore, the way of operating peer-to-peer accommodation between hosts in Europe and Asia might be different as to the cultural differences (Shi & Hui, 2022). In this regard, it permits current research to investigate the determinants of purchase intention and the service quality dimensions towards peer-to-peer accommodation in Malaysia. Besides intense competition among peer-to-peer accommodation hosts and hotel giants, peer-to-peer accommodation hosts have been facing a major challenge since the COVID-19 pandemic started worldwide (Brzozowski, 2020; Faus, 2020; Lichfield, 2020; The World Tourism Organization

UNWTO, 2020). The COVID-19 outbreak has led to a decrease in economic activities worldwide, including tourism and hospitality industry. In order to prevent the large burden of morbidity and mortality like what happened in China during February 2020, most of the countries implemented severe lockdown measures (Fernandes, 2020; Velavan & Meyer, 2020). In addition, peer-to-peer accommodation sector suffered from the impact of travel restrictions, quarantine measures, flight cancellations and country border closures (Fernandes, 2020). The current situation due to COVID-19 is unclear, it is a need to understand the new consumer behaviour towards peer-to-peer accommodation in order to retain guests during and after the COVID-19 pandemic (Hao, Xiao & Chon, 2020).

Thus, to understand the purchase intention towards peer-to-peer accommodation is very important as it enables the hosts to develop an effective marketing strategy to attract new guests (Morrison, 1979) and turns guests into the loyal ones (Bowen & Chen, 2001). The past studies of consumer behaviour in the hotel industry may not be relevant because peer-to-peer accommodation is a new form of hospitality product in a sharing economy (Belk, 2014) where the existing consumer behaviour towards the traditional hospitality products such as luxury hotels, resorts and budget hotels may not be applicable in a study of peer-to-peer accommodations. Hence, it is necessary to identify the determinants of purchase intention and service quality dimensions towards peer-to-peer accommodation in order to find out the best business model for peer-to-peer accommodation hosts to be sustainable in Malaysia.

### **1.2.1 The Growth of Peer-to-Peer Accommodation Worldwide**

There are several factors that influence the growth of peer-to-peer accommodation worldwide. First, the popularity of the peer-to-peer accommodation is very much dependent on ICT (Information and Communication Technology) as Hamari et al. (2016) described it to be the emergence of economic-technological phenomenon. From the supply side, accommodation hosts list their idle properties on peer-to-peer accommodation platforms whereas from the demand side, accommodation guests book potential properties to stay via searching function on peer-to-peer