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Price Fairness, Guest Emotions, Satisfaction and Behavioral Intentions in Peer to Peer Accommodation Sector

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Abstract

The aim of this study is to examine the impact of price fairness on guest emotions, satisfaction and behavioral intentions in Malaysian P2P accommodation sector. The higher level of tourist arrivals towards P2P accommodations sector has drawn the attention of scholars and government. Therefore, this conceptual paper on P2P accommodation proposes an opportunity to examine the influence of external and internal stimuli on guest’s behavioral intentions during their stay in P2P accommodation at Malaysia. The conceptual framework of this study is built on the basis of Stimulus Organism Response (S-O-R) theory. A complete study followed by a conceptual framework will be carried out by using structural equation modeling (SEM). The results of this study will benefit international tourists and local people of Malaysia who are engaged in P2P accommodation sector. In addition, the findings will give a better understanding of S-O-R theory.

Keywords: behavioral intentions, emotions, peer to peer accommodation, price fairness, satisfaction, S-O-R theory

Introduction

Malaysia is one of the top seventeen must-visit destinations for travel in 2017 by CNN Travel report (NTP, 2017) and Kuala Lumpur was ranked among the world’s top 10 cities based on tourism growth (WTTC, 2017). The total amount of tourist’s receipts in 2017 was RM81.4 billion (USD20,837,586,000, as per current rate) with a total number of 25.7million tourists visited in Malaysia (NTP, 2017). The country receives 1 million ringgits (USD 255, 990, as per current rate) per week from tourists which ranked it 13th globally in terms of tourist receipts. However, the tourism industry of Malaysia has shown fluctuations by a decline of -6.3% tourist arrivals in 2015 and a slight recovery of 4.0% in 2016 (UNWTO, 2016), as compared to other competing destinations such as China, Japan Thailand and Indonesia. They have presented
nonstop progress in both 2015 and 2016 years. Donnelly (2009) in this context proposed that service providers in the hospitality and tourism industry must create authentic, diverse, and changing experiences to attract visitors. In respect of authentic experiences, the Peer to Peer (P2P) accommodation sector got attention for tourists and scholars. P2P accommodation is an innovative and uprising accommodation type which provides authentic experiences to tourists by providing accommodation with local people in their local residences by locals (Tussyadiah & Pesonen, 2015). The P2P accommodation sector in Malaysia is outstanding where the sector has not only improved tourism within the country but also promoted Malaysia’s culture, traditions and food globally. Tourists are here and now preferring P2P accommodation over other old-style accommodation types (Guttentag, 2016). Therefore, service providers in the accommodation industries aim to focus on the behavioral intentions of their guests to sustain in competition (Ali, Amin, & Ryu, 2016). Scholars have identified several factors to increase customer satisfaction and positive behavior towards services such as low prices, positive word of mouth and positive emotions (Ali & Amin, 2014; Ali & Zhou, 2013; Cristo, Saerang, & Worang, 2017; Han & Ryu, 2009; Zielke, 2017). The P2P accommodation sector satisfies diverse desires of tourists as compared to hotels such as desire for lower prices (Eckhardt & Bardhi 2015; Guttentag, Smith, Potwarka, & Havitz, 2017; Tussyadiah, 2016). Several studies have also investigated the motivation of tourists behind choosing P2P accommodation (Guttentag et al., 2017; Lamb, 2011; Quinby & Gasdia, 2014; Tussyadiah & Pesonen, 2015). All of the studies have recognized price as a motivator. However, some studies have listed price as the most important motivator (Eckhardt & Bardhi, 2015; Guttentag et al., 2017; Tussyadiah, 2016), while few listed it as somewhat less important motivator (Lamb, 2011; Quinby & Gasdia, 2014).

In the hospitality and accommodation industry, guests have now become classier with the services. Specifically, perceived price fairness in the services industry is one of the major tangible cues to evaluate the quality of services and customer level of satisfaction (Ali et al., 2016). Emotions as the central element have also gained attention in effecting customer’s satisfaction judgements and behavioral intentions (Lin & Liang, 2011; Martin, O’Neill, Hubbard, & Palmer, 2008). Thus, perceived price fairness from the service providers point of view can improve customer emotions and satisfaction that can eventually boost behavioral intentions (Ali et al., 2016; Lin & Liang, 2011). Nonetheless of the significance of price fairness, customer emotion, satisfaction and behavioral intentions, surprisingly inadequate studies in the hospitality and accommodation sector has focused on these backgrounds of guest’s behavioral intention. Accordingly, the role of emotions and satisfaction in determining the effect of price fairness on behavioral intention is theoretically and empirically unclear (Ali et al., 2016; Ali & Amin, 2014). Scholars have separately studied the role of price fairness, customer emotions and customer satisfaction to determine customer behavioral intentions in different studies, but as per scholar’s knowledge, none of the studies in the literature have used these antecedents of behavioral intention at the same time in one conceptual model associated with the use of P2P accommodation. Additionally, as per Razli, Jamal, and Zahari (2017), there are no studies on P2P accommodation, particularly on Airbnb, in Malaysia. Therefore, the collective influence of price fairness, guest emotions and satisfaction to build guest behavioral intentions in P2P accommodation sector of Malaysia needs to be empirically studied.
Literature Review

The literature review of this conceptual paper will emphasize on P2P accommodation, stimulus-organism-response (S-O-R) theory, and the main research constructs of this study that are price fairness, guest emotions, guest satisfaction and behavioral intentions. After that, proposed research hypothesis will suggest and the relationship among the main constructs will be discussed.

Peer to Peer Accommodation

The concept of P2P accommodation coincides with the idea of homestays. Homestays is the oldest mean of accommodation (Elizaveta, 2016). Nowadays this concept has transformed to many names such as sharing economy, collaborative consumption, P2P economy or the mesh (Botsman & Rogers, 2010; Gansky, 2010). It has infused the world with an innovative and new system that bring individuals together to distribute underutilized properties and resources with each other (Belk, 2010; Hellwig, Morhart, Girardin, & Hauser, 2015; Tussyadiah, 2016). These accommodations normally include apartment, house, a sofa in some one’s residence or a private room in a house in the presence of a host. Airbnb, homestays, and home-away have become one of the P2P accommodation’s fastest growing segments (Jefferson-Jones, 2015). Airbnb despite safety and quality concerns, being a growing dominance of P2P accommodation is seen as an alternative to hotels by many due to convenience and competence (McNichol, 2015). The company was founded in 2008, offers diverse accommodations including private rooms, shared rooms, and entire houses and apartments (Airbnb, 2016). The literature on P2P accommodation concluded that economic reasons motivates owners of P2P accommodation. It provides additional income to home owners and has been cited as a solution to middle-class stagnation (Sperling, 2015). However, motivations of consumers using P2P accommodation vary from guests’ desires to help owners of P2P, families while traveling receives better economic/price benefits from entire apartments than various hotel rooms and need for more social and personal relationships (Harrington, 2015; Tussyadiah & Zach, 2016; Yannopoulou, Moufahim, & Bian, 2013).

S-O-R Theory

Albert Mehrabian and James A. Russell proposed Stimulus organism response theory (SOR) in 1974 (Mehrabian & Russell, 1974). The theory is also known as Mehrabian and Russell (MR) model which explains the human behavior of judgment or intention to use a product or service on the basis of inner feelings called organisms, which influences from external stimulus. The S-O-R theory is divided in to three parts. First is the stimulus that may include environment or any external provocation. Second is organism or internal responses such as emotions or satisfaction and the last part of the theory is behavior that influences from stimulus and organisms within service delivery (Ali et al., 2016).

All approach and avoidance behavioral intentions are included in the response part of the theory (Lee & Jeong, 2012), such as continuing with the service or switching to another service or product. The organism in the theory is categorized in to pleasure, arousal and dominance emotions (Mehrabian & Russell, 1974) and satisfaction. The three all emotions represents happiness, encouraged, energetic, powerful and pleasure whereas satisfaction is inner fulfillment.
towards product or services. The stimulus can be everything that can stimulate an individual’s emotions and satisfaction to use the services. The S-O-R theory is used in many different services including trade marketing, E-shopping, hotels and restaurants (Ali et al, 2016; Jang & Namkung, 2009; Kaltcheva & Weitz, 2006; Koo & Ju, 2010). The results of all the studies supported that external stimulus such as price fairness arouses customer emotions and satisfaction to influence their behavioral intentions. Thus, the current study will propose to assess how price fairness in P2P accommodation effects emotions and satisfaction of guests to use P2P accommodation by influencing their behavioral intention based on S-O-R theory. The use of such theory will improve and give a better understanding of constructs related with the use of P2P accommodation.

**Behavioral Intention**

Numerous scholars in the literature have defined human behavior to a product or service as behavioral intention and described it in various ways. Behavioral intention is an outward relation between a person and a behavior (Jaccard & King, 1977). Zeithaml, Parasuraman, Leonard, and Berry (1996) defined behavioral intention as an indication of either a person will use a service or switch to another. Behavioral intention is a specified probability to participate in an action (Oliver, 1997). Ladhari (2009) defined behavioral intention as satisfactory or unsatisfactory. Satisfactory behaviors are encouraging words, faithful behavior, paying best prices and additional spending on the services. However, unsatisfactory behaviors are discouraging words, less spending on the services, defection of customer and lawful action on the company or service provider (Ali & Amin, 2014). Han and Kim (2009) defined behavioral intention as previous involvements of customers with a product or service, creates an attitude or behavior in the direction of service provider, that is critically related with the intentions of customers to repurchase or recommend others. Correspondingly, Jani and Han (2011) has defined behavioral intentions as re-visitations and having encouraging behaviors.

Customer’s behavioral intention is the focus for service providers in marketing and accommodation industries. Those industries mainly focus to provide such type of services to customers that results in positive behavioral intentions. According to Bowen and Chen (2001), service providers through revisit intentions increase their revenue and decrease their expenses. Customers spend more money on those services towards which they have positive behavioral intentions. Tussyadiah (2016) has also added that the services that results in customer’s behavioral intentions are key component of achievement. She further added that customer behavioral intentions are the source of competitive advantage for various accommodation industries including P2P accommodation sector. Past experiences with a product or service creates an attitude among customers that is significantly behavioral intentions of a customer (Han & Kim, 2009). Thus, tourist behavioral intention is one of the main considerations in tourism literature.

Many studies in the hospitality industry have verified the relationship of different constructs with behavioral intention. Behavioral intention was explained by Getty and Thompson (1994) in their study in which customer satisfaction and service quality was studied in relationship with behavioral intention. The findings of their study showed that the higher the customer satisfaction the more will be encouraging behavioral intentions and future recommendations. Han and Back (2007) investigated the formation of behavioral intention in their study on lodging industry. Ryu
and Han (2010) have also studied the impact of customer satisfaction on behavioral intentions in their study on restaurants. The role of emotions in stimulating behavioral intentions has also gained a significant consideration. Scholars have shown that internal emotions of customers in most of the services deliveries influences approach and avoidance behavioral intentions (Mehrabian & Russell, 1974; Ryu & Jang, 2007).

**Price Fairness**

Zeithaml (1988) has defined price as an amount that a customer sacrifices to use a product or avail a service, however price fairness is defined as a judgment that a customer makes about a service that is fair in contrast to its competitors (Chen, Gupta, & Rom, 1994). Chen et al (1994) and Ali et al (2016) have also proposed to use price fairness during service consumption when examining behavioral intentions. Pricing in the study of the Keaveney (1995) was one of the main categories in the model of customer switching behavior among eight general groups including failure in service encounters, inappropriateness and competition in the services industry. The findings of his study showed that price for 9% of the respondents is the only reason to shift to another service provider whereas for 21% of the respondents, price for switching was among one of two or more reasons. According to Ryu and Han (2010), the crucial component in understanding and predicting customer behavior is price. The competition-based pricing approach has founded the idea of perceived price fairness. This approach concentrates on the concerns and fears of customers of weather they are charging higher than competitors or equal to competitions. Perceived price fairness gives the aim of subjectivity to achieve better planned pricing structure and does not remove objectivity (Chen et al.,1994). Zeithaml (1988) indicated that perceived price considers on the need of nonmonetary costs such as time and effort to the consumer. Using price fairness perceptions to study its role in a multifaceted environment of pricing is more satisfactory than using the objective price (Han & Ryu, 2009). Also, guest's perception about price fairness increases the satisfaction and loyalty with the services (Gumussoy & Koseoglu, 2016). Price for most of the customers in the accommodation and services industries is the major element of choosing services. Guttentag et al., (2017) and Tussyadiah (2016) have stated that P2P accommodation sector satisfies diverse desires of tourists as compared to hotels such as desire for lower prices. Therefore, it can be concluded that price fairness in prompting customer behavioral intentions will be more outstanding in the P2P accommodation sector as the experiences of tourists or guests in P2P accommodation sector is indistinguishable in the service delivery because of the higher participation of people. The inconsistencies in the services of P2P accommodation substitutes the use of price fairness as an indication of assessment.

**Guest Emotions**

Emotions have been considered as an essential component in investigating consumer behavior and has been defined by numerous scholars. Emotion are sensations connected with a specific performance (Gardner, 1985). Emotions can be defined as an intellectual state of eagerness that got up from mental evaluations of feelings or actions, is escorted by physiological procedures and has a phenomenological tone is every so often uttered substantially, contingent on its nature and the person having it possibly consequence in definite activities to sustain with the emotion (Bagozzi, Gopinath, & Nyer, 1999). Burns and Neisner (2006) defined emotions as intentions that built on particular referents or substances. Additionally, emotions can produce actions and
are not only responses to judgments (Martin et al., 2008). These are the feelings of an individual that can be either positive or negative (Lee, Back, & Kim, 2009). However, Han and Back (2007) stated a need for a clear definition of emotions as a slight uniformity may be found in several descriptions of emotions. They further stated that normal emotions and consumption emotions should be considered different. The choice of consumption emotions is more specific, narrower and less powerful than the choice of all other probable emotional responses (Han & Back, 2007). Pareigis, Edvardsson, and Enquist, (2011) defined consumption emotions in dissimilar emotional proportions for example enthusiastic and peaceful emotions and enjoyable and unenjoyable emotions. Ali et al. (2016) have also described as independent emotions made up of happiness, terror or anger and so on. Based on Ali et al. (2016) definition, consumption emotions are the replies that are emotionally produced during consuming experiences and using products.

**Guest Satisfaction**

The central concept in the marketing and hospitality management is to satisfy the needs, wants and desires of customers (Ryu, Lee, & Kim, 2012). Numerous scholars in services marketing have conceptualized the definitions of customer satisfaction. Customer satisfaction is the mental state of a buyer to be sufficiently or insufficiently rewarded for the losses a customer has experienced (Howard & Sheth, 1969). Day (1984) has described customer satisfaction as an evaluative choice of decision after the consumption of services related with a definite buying selection. Another definition of customer satisfaction by the Oliver (1997) is an evaluation of a product or service itself or either the feature of a product or service that delivers under fulfillment or over fulfillment related with pleasant consumption of services. However, scholars like Churchill and Surprenant (1982) stated that customer satisfaction is more multifaceted than mental process of evaluation that many scholars explains. Teixeiraet al. (2012) supported the importance of understanding the concepts of customer satisfaction to capture the relationship between emotion and cognition from a wider viewpoint.

**Hypothesis Development**

**Influence of Price Fairness on Guest Emotions**

Several scholars in the marketing and hospitality literature have focused on the relationship between price fairness and emotions of the customers (Ali et al., 2016; Han & Ryu, 2009). However, Varki and Colgate (2001) stated that the practical support in the hospitality industry for the relationship between price fairness and customer emotion is negligible. The customer’s perception of good or bad prices prompt pleasure and excitement emotions (Xia, Monroe, & Cox, 2004). Izard has studied in his study the link between price fairness and emotions. The scholar has also discovered the influence of price fairness on various constructs of emotions in considering elementary emotions and called it as price effect. Ali et al. (2016) in their study on resort hotels has also proved that customers in the context of accommodation feel excited or pleased when they perceive that the rate of rooms is reasonable. Zielke (2017) has also stated the impact of higher and lower price incidents on discrete emotions and loyalty of customers towards stores. Hence, we can hypothesize the following hypothesis:
• **H1**: Price fairness has a significant positive impact on guest emotions in P2P accommodation.

**Influence of Price Fairness on Guest Satisfaction**

Very limited studies in the marketing literature have been studied the relationship between price fairness and customer satisfaction (Ali et al., 2016) and even fewer studies have observed this relationship with in P2P accommodation sector. More than half of the respondents because of bad perception of price fairness has switched their service providers in the study of Keaveney (1995). The Keaveney’s (1995) study suggested that perception of price fairness effects customer satisfaction and behavioral intentions. Cheng, Chiu, Hu, and Chang (2011) in their study on fast food sector has also supported the vital impact of price fairness on customer satisfaction. Cristo et al. (2017) in their study on Markobar cafe also showed that simultaneous price significantly influences customer satisfaction. Thus, perceived price fairness significantly stimulates perceived value and satisfaction of customers that then produce behavioral intentions of customers (Ali et al., 2016; Gummesson, 2002). Hence it takes us to our next hypothesis;

• **H2**: Price fairness has a significant positive impact on guest satisfaction in P2P accommodation.

**Influence of Guest Emotions and Satisfaction on Behavioral Intentions**

Numerous studies in the hospitality and marketing have recognized the relationship between emotions, satisfaction and behavioral intentions (Ali et al., 2016; Oliver, 1997). Customers during judging service experiences mostly induce their emotions and these change in emotional states effects their satisfaction and behavioral intentions (Ali & Amin, 2014; Lin & Liang, 2011). A large body of literature in marketing has suggested that customer emotions and satisfaction related with service encounter play a significant part in assessing customer behavioral intentions (Ali & Amin, 2014; Weng & Run, 2013). Emotional values were also found more effective premise for behavioral intentions from the hotel guests in Turkey (Dedeoglu, Bilgihan, Ye, Buonincontri, & Okumus, 2018). Jang and Namkung (2009) have also stated that customer express higher level of satisfaction in a service encounter after he/she experiences positive emotions, which led them to positive word of mouth behavior. Therefore, it is hypothesized that;

• **H3**: Guest emotions have a significant positive impact on guest behavioral intentions in P2P accommodation.

• **H4**: Guest satisfaction has a significant positive impact on guest behavioral intentions in P2P accommodation.

**Influence of Price Fairness on Behavioral Intentions**

In marketing literature, the association between price fairness and behavioral intentions has been studied by very limited scholars (Varki & Colgate, 2001), and further reported that price perceptions have a significant direct effect on behavioral intentions and customer satisfaction. Grewal, Monroe and Krishnan (1998) have studied the effect of price comparison advertising on buyers’ perception and behavioral intentions. Oh (2001) has also found that price fairness concepts with lodging products play significant roles in customer behavioral intentions. Similarly, customers perceptions of price fairness had a significant direct relationship on
customer behavioral intentions in the context of online hotel bookings (Haddad, Hallak, & Assaker, 2015). Hence it can be hypothesized that:

- **H5**: Price fairness has a significant positive impact on guest behavioral intentions in P2P accommodation.

**Methodology**

The current study will intend to measure the effect of price fairness on guest emotions, satisfaction and behavioral intentions related with the stay at P2P accommodation as shown in Figure 1. The administrative procedures and research design explain and justify by the following discussion to examine the data.

![Figure 1. Research model](image)

**Figure 1. Research model**

The objectives of this study and the nature of research problem transformed in to the conceptual framework which will become a base to apply the research design. This study intends to propose a framework to explain the endogenous and exogenous variables related to behavioral intention in P2P accommodation setting. The further investigation through expert’s opinion and considerable literature review on relevant constructs may initiate design. After that, questionnaire survey will be established based on existing theories and literature on each of the research construct as discussed above. Then, based on selected variables and parameters, the data collection of the survey will start to measure the latent construct. The data will be collected online through Mechanical Turk (MTurk), as there is no specific sample frame for the current study. After collecting data, the data will be inputted in SPSS and Smart PLS tool to clean the data and run structural equation modeling (SEM) to test the impact of IVs on the latent variable and address the research hypotheses.

**Conclusions and Future Recommendations**

The main objective of this study is to determine how price fairness influence tourists or guest’s behaviors to stay again at P2P accommodation in Malaysia. The tourism and hotel industry in Malaysia in terms of the importance of all major stakeholders and opportunities, just started to appreciate the rise of P2P accommodation. This study will be one of the first investigation of P2P accommodation in Malaysia and the insights presented in this study will be the basis for future directions and can result many benefits. The findings of this study will help P2P providers
to develop fair pricing strategies to attract more tourists. In addition, this study will also provide services marketing literature on hospitality industry and P2P accommodation sector. The findings will also encourage researchers to turn their consideration on P2P accommodation sector and to tourists who use P2P accommodation over hotels. The conceptual framework of this study can be applied on other sectors in marketing and hospitality. This framework can be improved by future scholars in this area to determine the behavioral intentions of tourists in any accommodation sector by adding other endogenous or exogenous variables.

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