



Social presence, telepresence and customers' intention to purchase online peer-to-peer accommodation: A mediating model



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ABSTRACT

As essential features of cyberspace, social presence and telepresence play critical roles in online commerce. However, it remains unclear whether and how they can shape P2P accommodation customers' purchase intention. This study models the impact of social presence and telepresence as being mediated by three emotional responses – trust, enjoyment and sociability. The model was then tested by structural equation modeling using online survey data comprising 571 Chinese P2P accommodation customers. Results suggest that three dimensions of social presence (social presence of Web, other buyers and sellers) and telepresence indirectly influence customers' purchase intention via different mediating routes. These findings point to a new marketing strategy where consumers' participation can be encouraged by improving presence elements, and thus can be valuable for P2P accommodation operators to retain and develop customer base.

1. Introduction

The rise of sharing economy has largely reshaped conventional business models and consumer behaviors in the travel industry (Cheng, 2016). An increasing number of consumers are sharing homes, vehicles, and even meals to maximize the economic benefits of spare assets (Sigala, 2017). Particularly, home sharing, or the peer-to-peer (P2P) accommodation, has been leading this trend. By the end of 2017, Airbnb, the largest P2P accommodation platform, recorded over 3 million users (Clifford, 2018), and this figure is still undergoing rapid expansion. In China, the total revenue of online P2P accommodation sector grew by a factor of ten thousand to CNY4.05 billion (approximately US\$608 million) between 2009 and 2014 (Zhu & Guo, 2016). Local P2P platforms such as Xiaozhu.com and Tujia.com are so popular in finance market that they have attracted billions of dollars of investment in recent years (Reuters, 2018).

The popularity of P2P accommodation is driven on the one hand by the boosting market demand for better value-for-money and more authentic experience, and on the other hand by the rapid development of information and communication technology (ICT) such as social networking tools and mobile devices (Tussyadiah & Pesonen, 2016). The Web-based platform serves as the medium that connects the buyer and the seller in real time, which makes it possible for the transaction to occur without companies as agents, resulting in higher efficiency and

lower cost (Kaplan & Haenlein, 2010). Despite these merits, the Web-based P2P accommodation has inherent weaknesses that are deeply rooted in ICT, i.e. the elimination of human elements and lean physical cues of the product/service. These are typically conceptualized as lack of presence, specifically social presence and telepresence (Short, Williams, & Christie, 1976).

E-commerce literature has found that lack of presence can inhibit consumers' participation (Hamari, Sjöklint, & Ukkonen, 2016). This is especially the case for invisible/intangible purchases where consumers rely heavily on physical cues to make inferences about the quality of the service (Bitner, 1992) and their decision-making is highly affected by the face-to-face interaction with the service provider (Harris & Goode, 2010). Social presence represents human sensitivity and personalness as perceived in the online platform, and its absence may hinder customers from forming impression toward the service provider and developing buyer-seller relationship (Short et al., 1976); meanwhile, telepresence determines the degree of users' immersion into the online environment, which can affect customer attitudes toward the service/product (Steuer, 1992). Various empirical studies have shown the profound impact of social presence and telepresence on consumers' purchase intentions (Dash & Saji, 2008; Hassanein & Head, 2007; Lee, 2018; Lu, Fan, & Zhou, 2016). However, explanatory framework is still lacking in regards to the underlying dynamics of such impact. This gives rise to the rarely answered question: *how do social presence and*

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telepresence shape online consumers' purchasing behavior?

Tourism and hospitality literature has seen increasing amount of studies devoted to P2P accommodation, examining its traits/uniqueness (Gutiérrez, García-Palomares, Romanillos, & Salas-Olmedo, 2017; Tussyadiah & Zach, 2017); its impact on travel behavior patterns (Tussyadiah & Pesonen, 2016); and the driving factors of its consumer experience, attitude and purchase intention (Tussyadiah, 2016; Tussyadiah & Pesonen, 2018). Previous research frameworks mostly draw on various experiential elements (trust, social interaction, enjoyment) to predict P2P consumer behavior intention (Tussyadiah, 2016; Wang & Jeong, 2018). The essential features of the Web-based platform (e.g., social presence and telepresence) preceding these emotional elements, however, have rarely been examined. It is still unknown *whether these medium-related, "presence" elements can shape consumer purchase intention in a P2P accommodation context.*

Modeling and testing the effects of social presence and telepresence can provide answers to the above questions, and thereby extend the current knowledge body regarding consumer behavior in P2P accommodation. Meanwhile, given that improving consumer participation has been the top concern for P2P accommodation operators, investigating the effects of presence elements can also offer critical insights for P2P accommodation companies that intend to maximize sales opportunities (Murphy & Kielgast, 2008). This study proposes a mediation model where the impact of social presence and telepresence on consumer purchase intention was hypothesized to be mediated by three emotional responses, namely trust, enjoyment and sociability. This model was then tested using online survey data comprising 571 Chinese customers. Findings and implications are finally discussed.

2. Literature review

2.1. Sharing economy and P2P accommodation

Sharing economy, also known as the Peer-to-Peer economy, refers to "a peer-to-peer based activity of obtaining, giving, or sharing the access to goods and services, coordinated through community-based online services" (Hamari et al., p.3). It gains momentum of development as modern ICT enables consumers to exchange/share their underused assets via online marketplace (Kaplan & Haenlein, 2010). Scholars concur that the sharing economy can bring about a series of benefits to consumers, such as making them more resourceful by providing them with more affordable products/services (Gansky, 2010), satisfying their desire for social communities and interactions (Guttentag, 2015), reducing environmental pressure and contributing to sustainable living (Luchs et al., 2011).

The P2P sharing accommodation has been regarded as a leading form of sharing economy by previous studies (Tussyadiah & Pesonen, 2016; Zhang, Jahromi, & Kizildag, 2018). It is a system which connects individuals who have excess property capacity, to others that have needs for accommodation, with an online platform maintained by a third-party company (Botsman & Rogers, 2011). For example, Airbnb claims that it "connects people with places to stay and things to do around the world," and it involves those who "have an extra room, entire home, or expertise." (<https://www.airbnb.com/help/topic/250/terms-policies>). Xiaozhu.com claims that it aims to exploit the huge idle property resource and provides accommodation choices featuring humanity, homeness, and good value for money (<http://www.xiaozhu.com/aboutus>). In this manner, they distinguish themselves from conventional hotel booking platforms (e.g. [booking.com](http://www.booking.com), [agoda.com](http://www.agoda.com)).

Recent tourism and hospitality studies suggest that P2P accommodation offers various consumer values including better value-for-money, wider range of choices, authentic experience, more human contacts, and meaningful connections (Guttentag, 2015; Tussyadiah & Pesonen, 2016; Tussyadiah & Zach, 2015). It is also found that P2P accommodation has brought various changes to traveler behavior, as savings from accommodation spending enable more frequent travel,

longer stay and more choices on expenditure (Tussyadiah & Pesonen, 2016).

Recently, scholars have moved from simple description of P2P accommodation platform (or customer) traits, to explaining its customers' attitude and behavior. These studies mostly draw on the utilitarian aspects of the P2P platform and the personal traits of the customer when framing customer attitude and intention. For example, Tussyadiah (2016) identified the effects of perceived enjoyment and value on Airbnb customer satisfaction. Wang and Jeong (2018) found that personal innovativeness, users' perceived usefulness and trust positively affect user attitudes toward the P2P accommodation website. Ert and Magen (2016) examined the impact of sellers' photos, and found that impression of these photos could shape customers' trust and purchase decisions. Despite these valuable findings, the above P2P accommodation studies have rarely considered the essential features of online marketplace, i.e., elimination of human elements and physical cues. The knowledge body regarding P2P consumer behavior is in need of new insights.

2.2. Presence, social presence and telepresence

The concept of *presence* has been widely examined in various contexts including virtual reality, computer-mediated communication, and e-education (Kim, Song, & Luo, 2016; Oregon, McCoy, & Carmon-Johnson, 2018; Tseng, Cheng, Yu, Huang, & Teng, 2019). It was first proposed to assess the effectiveness of an information-communication medium in enhancing user experience (Slater, 1999), and was later introduced to e-business research to describe a subjective feeling of being immersed in a virtual world that resembles the real consumption setting (Lu et al., 2016; Kim & Kim, 2018). Social presence and telepresence, among various dimensions of presence, have been most widely studied as critical elements of Web-based shopping platforms (Algharabat, Rana, Dwivedi, Alalwan, & Qasem, 2018; Kang & Gretzel, 2012).

Social presence measures the extent to which an online customer experiences the exchange partners as being psychologically present, and thus to perceive human contact and sensitivity (Algharabat et al., 2018; Short et al., 1976). Technically, social presence is determined by the capacity of the platform to convey nonverbal cues (e.g. personal, sociable elements) and human warmth. From the stance of buyers, social presence of the platform takes shape in three dimensions. *Social presence of website* refers to the extent to which the consumer perceives a sense of human warmth and personalness from the website interface (Gefen & Straub, 2004); *social presence of (other) buyers* represents the extent to which a consumer is aware of the presence or existence of other consumers (Shen & Khalifa, 2009); and *social presence of sellers* refers to the extent to which customers perceive the personal characteristics and sensitivity of the service provider through the online platform (Lu et al., 2016). As buyers often need social cues from the seller and other buyers to support their purchase decisions, lack of social presence may hinder the online exchange, as has been identified by various empirical studies (e.g., Khwaja, Jusoh, & Nor, 2019; Lu et al., 2016).

Telepresence is the technical aspect of presence, which measures the extent to which the consumer feels herself/himself immersed in the virtual shopping environment as if they can have physical engagement with the products (Algharabat et al., 2018; Steuer, 1992). High telepresence can be created by embedding rich media such as video, audio and animation that enhance website vividness and user immersion (Algharabat et al., 2018; Steuer, 1992). Because consumers generally rely on physical cues to make inferences before actually experiencing a product, telepresence is critical in shaping purchasing decision in the online context, especially for experiential products such as accommodation (Weathers, Sharma, & Wood, 2007). Empirical studies have revealed that creating high telepresence for the Web-based exchange platform can enhance customers' perception about the service offering

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