

## **ABSTRACT**

*Indonesia's hospitality industry is one of the sectors that has also benefited from digital innovation, especially on the reservation side. Nevertheless, with this ease of access, it also opened up competition in the hospitality market. This research analyzes the phenomenon of digital innovation in the midst of the Indonesian hospitality industry which aims to analyze the influence of digital innovation on the performance of the hospitality industry in Indonesia by comparing the market value of the company on before and after the year of digital innovation presence, as well as determinants that affect the market value of the company in line with the development of digital innovation, in terms of structure-conduct-performance (SCP) framework.*

*The hospitality services companies estimated in this study are listed on the Indonesia Stock Exchange from 2009 – 2018. Variables used to measure industry market value on before and after digital innovation are price to book value (PBV), debt to equity ratio (DER), return on asset (ROA), total asset turnover (TATO), and dummy (D1), as well as interactive dummy variables (DDER, DROA, and DTATO). The method used is Ordinary Least Square (OLS) with the Least Square Dummy Variable (LSDV) analysis model.*

*The result shows that digital innovation (D1) not significantly impact market value (PBV), but competition among hospitality service companies indicated by a positive D1 coefficient. However, digital innovation affects market value through the significance of all independent variables (DER, ROA, and TATO), where digital innovation leads the DER indicated by the DDER variable to be negative; The ROA indicated by the DROA variable becomes positive; and the TATO indicated by the DTATO variable becomes positive. This indicates that digital innovation has a good impact on the hospitality industry in Indonesia.*

*Keywords: digital innovation, market value, hospitality industry, and performance.*