The future of Airbnb in China: Industry perspectives from hospitality leaders

This study aims to investigate the development of Airbnb in China from the perspective of hospitality leaders by identifying the positive and negative effects of Airbnb development in the country. A qualitative approach was adopted to explore the current development of the accommodation sharing service in China. Focus group discussions were conducted with the managers and top executives of hotels in China. Most of the participants affirmed that the experience of local culture and authenticity are the advantages of staying in this type of informal accommodation. From the viewpoint of hoteliers, traditional accommodation types must rethink their strategies by providing desired authentic experiences. By contrast, Airbnb may not seamlessly fit into Chinese culture. The result urges the government to regulate the informal accommodation platforms. The study provides views on Airbnb from the traditional accommodation sector in Mainland China, which can contribute to the future regulation of informal accommodation services.

Introduction

The tourism industry of China is developing with the continual and rapid growth of the country's economy (Guide, 2016). According to the China Tourism Industry Statistical Bulletin, inbound and outbound tourists in China in 2016 reached 1.38 and 1.22 billion, indicating growth by 3.5% and 4.3%, respectively, from the figures recorded a year earlier. Meanwhile, China has become one of the most popular inbound and outbound tourist destinations (Aliyeva, 2015) and the third most visited country worldwide (Pariona, 2017). The World Tourism Organization (WTO) predicted that China would become the fourth largest source of outbound tourists and the most popular travel destination by 2020 (Guide, 2017). With the rapid growth in both inbound and outbound tourism in China, Chinese tourists are now looking for unique travel experiences like local culture and cuisine, especially for those independent tourists (Hinsdale, 2017).

Since 1979, the open-door policy has brought many development and business opportunities to the hotel industry. Hotel development in China is heavily reliant on government support (Chan and Ho, 2006). Yu and Gu (2010) stated that one of the threats in the Chinese hotel industry is political disruptions in the region. Consequently, at the end of 2012, the Chinese government announced 'An eight-point code to cut bureaucracy and maintain close ties with the people', which aimed to reduce dining and meeting expenditures in government consumption. This announcement shifted and reformed all dining expenditures in all government levels, which had a significant impact on hotel restaurant revenue and business. Meanwhile, room sales and distribution channels started to shift to the online travel agent (OTA), which also lead more challenging to hotel operations.

According to a China Hotel Association report (2018), there were only 203 hotels in 1980, whereas the current total number of hotels at the end of 2017 reached 450,000, demonstrating the

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power of the hotel industry development in China. As a result, hoteliers have to face various challenges in managing this competitive market (Tavitiyaman, Zhang, Law and Lin, 2016).

Over the past few years, with the advancement of information technologies, the consumption behaviours and patterns of consumers have gradually changed due to the use of social travel sites and services that provide user-generated travel reviews for travellers planning their own trips (Fotis, Buhalis, and Rossides, 2012). Consequently, the travel mode of travellers has also been redefined, such as their accommodation choices and the methods of discovering new destinations. Accommodation plays an important role in the tourism industry. Social websites, such as Airbnb, have become a popular platform to connect users who want to find a place to stay and hosts who have spare space (Zervas, Proserpio, and Byers, 2016). The Airbnb platform also satisfies the needs of those people who want to experience living like a local in a new destination. Airbnb is a type of sharing economy, and the rise of the sharing economy is also the reason behind its popularity.

Airbnb has nearly 5 million listings in more than 81,000 cities spread over 191 countries (Room, 2018). Mudallal (2015) affirmed that Airbnb offers more rooms than many of the largest hotel groups in the world—Hilton, InterContinental and Marriott. Moreover, the number of homes listed on the Airbnb platform of China reached 20,000 in 2017, and there are around 8.6 million Chinese tourists who choose to stay with Airbnb when traveling around the world (Marinova, 2017). Airbnb also announced that China is targeted to be the largest origin market for Airbnb by 2020 and that it will invest $2 million to support its innovative tourism projects in China through to 2020 (Choudhury, 2017). However, Airbnb is still facing numerous challenges despite its popularity in many countries worldwide. Firstly, Airbnb needs to deal with local regulatory authorities when entering the Chinese market. Secondly, numerous local competitors emerged in China with the proliferation of Airbnb worldwide. For instance, Tujia and Xiaozhu are the direct, local competitors of Airbnb in China. The last challenge is to assimilate into the distinct Chinese market (Yimin, 2015). The booming market of Airbnb in China has not received sufficient attention despite the increasing number of Chinese outbound tourists booking their accommodation service through Airbnb.

This study, therefore, aims to examine the current development of Airbnb in the Chinese market from the perspective of hotel managers. How do hotel managers view the development of Airbnb in China? What are the positive and negative effects on the overall development of the tourism industry? According to the positive effects, what are the strengths and opportunities of Airbnb in China? By contrast, on the basis of the negative effects, what are the weaknesses and threats in the Chinese market? Finally, this study will provide recommendations for policymakers to consider for the future development and regulations of Airbnb.

Literature Review

Development of the sharing economy in Asia

Sharing economy is widely adopted in the tourism and hospitality industry. Sharing economy provides users a peer-to-peer platform upon which to collaboratively make use of under-utilized inventories via fee-based sharing (Zervas, Proserpio, & Byers, 2016). Users can also gain valuable local experiences through the sharing economy (Nica & Potcovaru, 2015). The

platforms offer travellers not only an opportunity to save resources by sharing (Nica & Potcovaru, 2015) but also various products and services at reasonable prices, thus allowing them to enjoy unique local experiences (Tussyadiah & Pesonen, 2016). In turn, these experiences facilitate authentic encounters between hosts and guests and also contributes to the employment and income of local residents (Cheng, 2016, p. 113).

With the proliferation of the sharing economy and peer-to-peer accommodation worldwide, travellers have enthusiastically enjoyed the unique and convenient services offered by several platforms, such as Airbnb, HomeAway and PandaBed. Airbnb is the leader of this informal accommodation service platform. Airbnb describes itself as 'a trusted community marketplace for people to list, discover and book unique accommodations around the world—online or from a mobile phone or tablet' Airbnb recognizes the significant (400%) growth of inbound and outbound travels in Asia in 2015, one-tenth of the bookings are from business travellers (May, 2015).

Development of the informal accommodation sector in China

The development of budget hotels in China has rapidly grown in the past decade to meet the needs of different users (Ren, Qiu, Wang, & Lin, 2016). Likewise, informal forms of accommodation, such as Airbnb, have attracted many start-up companies in China to operate through a similar platform (Chen, 2016), such as the case of Tujia and Xiaozhu. Airbnb is growing rapidly in the Chinese outbound traveller market (Ziwei, 2017). More than 2 million users registered in Airbnb listings worldwide come from China (Nate, 2016). Airbnb has 3 million listings worldwide; however, less than 2% of the listings are in China, only accounting for approximately 30,000. The current coverage of Airbnb outside first-tier cities is limited.

Two local competitors, Tujia and Xaiozhu, are the key players of accommodation services in the Chinese sharing economy. Tujia is a popular platform in China, which has set itself apart from others by implementing a specific marketing strategy with unique Chinese characteristics (Chen, 2016). Tujia has taken the hands-on approach to managing its listed rental properties by having specific staff responsible for verifying each rental space. Tujia also offers cleaning and 24/7 call services (Horwitz, 2015).

Meanwhile, Xiaozhu is focused on the business operation that builds an orderly platform for customer-to-customer relations to gear up the supply end. Xiaozhu aims to create a brand and reputation among Chinese users by providing host service training and housekeeping services (Team, 2017). Xiaozhu and Tujia have different business models and business strategies (Table 1), which is also an indication of their ability to adapt to Chinese culture. For example, the user does not need to pay a service charge in both Xiaozhu and Tujia, whereas service payment is required by Airbnb. In addition, Airbnb does not offer a housekeeping and service training program, whereas the two local operators do. Airbnb can specifically learn from the experiences of the Chinese platforms on how to adapt to the peculiarities of the Chinese market.

**Insert Table 1. A comparison of the three key players

Influence of Airbnb on the hotel industry

In the tourism industry, the sharing economy has been disrupting the long-established business practices (Tussyadiah, 2016) and operating system of the tourism industry (Dredge and

Gyimóthy, 2015). The sharing economy addresses market demand by offering a large amount of information to users (Nica and Potcovaru, 2015), especially in the demand for short-term rentals in tourist destinations (Quattrone, Proserpio, Quercia, Capra, and Musolesi, 2016). Numerous platforms provide travellers the direct opportunity to connect with local operators at reasonable costs, which then creates an innovative and expendable market for the entire tourism industry (OECD, 2016). The flexibility of supply creates opportunities for Airbnb hosts (Guttentag, 2013; Sablik, 2014). Oskam and Boswijk (2016, p. 26) verified that the number of beds offered by Airbnb exceeds those of the major hotel chains worldwide and that Airbnb has become 'a competitor and a disruptor for the traditional hospitality industry'. The development of the Airbnb platform is considered a potential threat to the current hotel industry (Nguyen, 2014). Several scholars affirm that Airbnb can directly influence budget hotels (Lehr, 2015; Tussyadiah & Pesonen, 2016; Zervas et al., 2016), especially when catering to non-business travellers. Guttentag (2015, p. 1205) stated that Airbnb might only attract a niche market that may not effect traditional hotels. The top executives of five-star hotels also stated that the target customers of Airbnb are those adventurous leisure travellers who do not seek traditional hotel services and facilities, such as room services and fitness centres (Nguyen, 2014). According to Haywood et al. (2017), when the hotel market is almost full, this is also marks the highest occupancy season for Airbnb operations.

Numerous studies have illustrated the effect of Airbnb's development on the hotel industry, especially the lower-end hotels (Oskam and Boswijk, 2016; Fang et al., 2016; Zervas et al., 2016). According to the STR report on Airbnb and hotel performance, the share of Airbnb supply in 13 cities was less than 3%–4% (Haywood et al., 2017), only a few of these studies discussed the Chinese market as the Airbnb platform in China remains in its infancy. Thus, the positive and negative effects of this informal accommodation service on the hotel industry and how hotel managers view the development of Airbnb in China are relatively less investigated. Therefore, this study purposes the following research questions to lead the whole study: How do hoteliers view the development of Airbnb? What are positive and negative impacts to the tourism industry?

Methodology

Comparing the scale of the informal accommodation service to traditional hotel industry in China, Airbnb is still a potential competitor. Therefore, this study aims to understand the effects of Airbnb on the hotel industry in China. The qualitative method was utilised to obtain a more in-depth understanding from the hoteliers, thus allowing us to explore the current development of Airbnb in China. Focus group discussions were conducted with hotel managers in China to understand the influence of Airbnb from their perspective. A focus group interview can capture interactions among interviewees and conjecture their respective feelings and reactions about the effect of Airbnb on the Chinese hotel industry (Brotherton, 2015).

A total of six focus group discussions were conducted in Hangzhou, China. Each focus group consisted of 7–8 participants (Kitzinger & Barbour, 1999; Morgan & Krueger, 1998). All participants were Mainland Chinese and were experienced managers and top executives in the hospitality and tourism industry.

A total of 45 hoteliers participated in the interviews, 26 of which were female and 19 were male (Appendix 1). Of these, 24 participants were working in a hotel, 9 were working in tourism-

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related companies or institutes and the rest were working in service industries.. According to the job title, one of the focus group participants was a hotel group chairman; four were general hotel managers, one was a representative of hotel owners; four and five were directors and departmental managers of different departments from different hotels, respectively; and two were managers of different tourism institutions. Group 1 was labelled as F1 and the participants were coded by their seating number. For instance, Participant 2 of Group 2 was F2:2.

Six well trained moderators were invited to manage and conduct the interviews.. At the beginning of the interview, the moderator briefed the interviewees on the basic rules and then presented the semi-structured interview questions. Initially, the participants were asked to share their views of Airbnb development. The groups were then asked to discuss their view on the development of Airbnb in China and its effect on the hotel industry of the country.

Each interview was conducted in Mandarin given the linguistic environment of China. The interviews were conducted anonymously and the interviewees were encouraged to discuss freely and confidently. The discussion of each focus group lasted approximately 40 minutes to an hour and was recorded by using a digital recorder. All the conversations were professionally transcribed.

After the acquisition of the transcripts, a qualitative research software called QSR NVivo 11 was used to code the key factors from the transcribed data and to classify the factors into different categories according to the research questions. Thematic analysis was conducted on textual data to identify the main themes under each attribute. This analysis focused on examining themes within data and emphasized organization and rich description of the data (Daly, Kellehear and Gliksman, 1997). The data were constructed to give both the positive and negative factors of Airbnb and the frequency of occurrence was then counted. Researchers worked independently on coding and then cross-checked and discussed the differences to produce consistent findings.

Findings and Discussion

The presentation of the findings is divided into three parts identified by the participants during the focus group discussions, including positive, negative and other factors (Table 2), in order to provide a full understanding of Airbnb development and its effects on the tourism industry from the perspective of hoteliers in China. A total of 603 text units were analysed, including positive factors (209 text units), negative factors (240 text units) and other factors (240 text units).

**Insert Table 2. Summary of all factors and literature
**Insert Figure 1. Summary of findings

Positive factors

In terms of positive factors (Figure 1), the function of the Airbnb platform (29%), special experience (20%), attractive price (13%), becoming a local ambassador (10%) and enriching customer experience and relationship (9%) were the five highest weighing factors identified.

1.1 Positive factor of the functionality of the Airbnb platform

The functions of the Airbnb platform received the highest weight among all positive factors, which include new markets and resources, additional choices and locations as well as the flexibility and uniqueness of the site. The Airbnb platform regards its function as a social website rather than a commercial vocational home platform that switches users' perception of booking a room through this platform. With easy access to a large number of photos and user-generated reviews, this platform brings a new level of experience. The 'welcome home' concept particularly eliminates the barrier of living with a stranger. This finding extends the understanding of Sablik (2014) and Zervas et al. (2016) that Airbnb offers a considerably wider range of products and services than hotels and creates entirely new markets for goods, services and opportunities for consumers.

Unlike traditional hotel operations, Airbnb is a new market resource for travellers to use, providing an alternative service for the different needs of travellers by offering individualised accommodation. For instance, one of the interviewees stated that the *'Airbnb platform is very attractive as it satisfies different kinds of tourists in many new markets by providing diversified products'* (FC:4). From a house boat, a treetop house, a villa to a simple apartment, Airbnb offers a wide range of products in multiple locations to satisfy the needs of travellers.

In terms of Airbnb users, '*They are looking for freedom and personalized products. For example, they want to stay in a villa, cave, or even in jail. These are all experiential products that immediately create attention via social media'* (FG2:2). Young and budget travellers were identified as the two main types of users. The participants (FG:2) discussed that the travellers who received overseas education and were born after 1985 (around Age 30) were most likely to use the Airbnb service. This platform was also considered a trendy choice. Future consumers (millennials) may not enjoy formalized hotel services as much. Budget travellers were expected to be the major source of Airbnb users. Several participants mentioned travels with reasonable budget and backpacker travellers (FG5:4, FG5:1).

The participants generally support this new informal accommodation service. They believe that Airbnb fulfils the needs of different groups to have a wide range of accommodation options, thus extending the travellers' stay and ultimately benefiting the entire tourism supply chain (FG5). This outcome supports the findings of Fang, Ye and Law (2016), Lin (2018) and Lin et al. (2019). Travellers can now avail low-cost accommodation services for their family, which not all traditional hotels can fulfil. As one participant (FG2:2) noted, *'I support the Airbnb platform because this is another channel to promote and another platform where I can also extend our business overseas.'* This finding extends the notion of Sablik (2014) and Zervas et al. (2016) that Airbnb offers a considerably wider range of products and services than hotels and creates entirely new markets for goods, services and opportunities for consumers.

1.2 Positive Factor of Authentic Experience

The authentic experience was rated the second highest weighting positive factor. This is consistent with the marketing strategy of the Airbnb platform. By staying with residents, travellers can have great social communication with the local community. One of the participants stated, '*The cultural and authentic experience is the strength of Airbnb, because it cannot be offered by the traditional hotels*' (F4:2). This finding supports the notion of existing studies on experiencing an authentic community (Guttentag, 2013; Heo, 2016; Dollberg, Shalev & Chen, 2010; Pizam, 2014; Weber, 2014; Tussyadiah, 2016; Ikkala and Lampinen, 2015; and Cheng,

2016; Lin 2018; Lin et al., 2019). Young travellers, in particular, found that authenticity and cultural experience play a key role in their overall travel experience (Sigala, 2017). Several participants realised that hotels offer standardised services and expected quality. By contrast, each Airbnb accommodation offers a unique experience that cannot be replicated by hotel services. The finding that travellers value experience more than price is interesting. It also suggested that, hotels, especially chain hotels, could consider integrating local social and cultural elements into the tangible products and intangible services without abandoning the service consistency and standardization across different properties.

1.3 Positive Factor of Attractive Price

Attractive price received the third highest weight among those evaluated. Most of the participants believe that price is a key factor that attracts Airbnb users to consider this alternative accommodation service. As one of the participants shared, '*The positioning of Airbnb with an affordable budget can certainly meet Chinese tourists' needs. After comparing prices, I would prefer to stay in Airbnb rather than a hotel for my one-week business trip*' (FG:6). This finding supports those of existing studies (Guttentag, 2013; Heo, 2016; Lehr, 2015; Zervas et al., 2016; Tussyadiah, 2016; Weber, 2014; Nica & Potcovaru, 2015; Oskam & Boswijk, 2016; OECD, 2016; Lin 2018; Lin et al., 2019) on how the cost-saving feature of Airbnb attracts users to select this service rather than traditional hotels. Varma et al. (2016) noted that Airbnb is preferred by travellers staying for a longer period, though not necessarily for business travels. This study supports the notion that a longer business trip can still attract business travellers to consider having a homely feeling style of accommodation.

Compared with traditional hotels, the investment for sharing a spare room/space on the Airbnb platform is considerably low and flexible, and can directly influence the traditional hotel market (FG6:3). This finding supports those of Ikkala and Lampinen (2015) and Ng et al. (2016), who noted that several hosts deliberately kept the price under the market price to attract several users to stay with them. Travellers nowadays are searching for a place to stay via the Internet where they can select a good location, value for money and, importantly, online reviews to finalise their decision. This finding is consistent with the effect of economic and social factors on the destination selection and travel frequency (Oskam & Bpswokl, 2016). This phenomenon on the rising popularity of Airbnb is already forming, and it is predicted to have an effect on different stakeholders (FG5:2). Airbnb users include young travellers, budget travellers and families, which focus on a new market that is different from other hotel segments.

1.4 Positive Factor of Becoming a Local Ambassador

Becoming a local ambassador received the fourth highest weighting among those evaluated. Most of the participants asserted that Airbnb hostscould serve as 'Gold Key Concierge' local ambassadors to travellers by sharing local advice and providing authentic cultural experiences. By highlighting local specialties, local ambassadors can also attract numerous budget travellers to visit the destination. These findings may also encourage local tourism boards to consider host training by offering a local ambassador training programme to provide better services and a unique experience.

1.5 Positive Factor of Enriching Travel Experience and Relationship

Enriching customer experience and relationship was the fifth highest weighting factor identified by the participants. The majority of the participants viewed the development of Airbnb as a cultural communication drive to promote global tourism During the focus group discussion, participants in Group 4 mentioned that all of them used the Airbnb service not for the price but the unique experiencewhich cannot be fulfilled by traditional hotel operations and services (FG4:3). This outcome supports the theory that staying somewhere with a homely setting and receiving local experiences are considered attractive factors by travellers (Tussyadiah & Pesonen, 2016; Tussyadiah, 2016; Varma et al., 2016; Lin 2018).

Aside from the top five positive factors, this study also identified three other positive factors, namely, the benefit of being an Airbnb host, new product development and culture communication. Many participants believe this development is beneficial to the host. By sharing a space/room, hosts can generate extra income and meet people from all over the world. Hosting can also alleviate the employment rate in the destination. This finding confirms that the motivation of being a host is to receive financial benefits (Cheng, 2016; Ikkala & Lampinen, 2014; Lee, 2016). Rapid innovation has motivated traditional hotel operations to think forward and look for ways to remain competitive with the sharing-economy platforms, such as Airbnb and Uber. Several positive factors are also closely related to hosts, including low entry level and cost, utilisation of extra space, obtaining extra income and alleviating the employment rate. The alleviation of the employment rate supports the results obtained by Cheng (2016) and Fang, Ye, and Law (2016) that Airbnb can contribute to solving unemployment issues.

Negative Factors

In terms of negative factors, the lack of security and hygiene standard (31%), effects on the daily lives of local residents (16%), the lack of standard operation and guideline (12%), culture conflicts (12%) and lack of market positioning (8%) were identified as the top five weighting factors. The detailed discussions of each factor are provided as follows.

2.1 Negative Factor of Security Standard and Hygiene Standard

Most of the participants considered security and hygiene standards as the priority in hotel operations, whereas Airbnb does not have any clear guideline for hosts to protect themselves and the user. This concern creates numerous barriers to potential users. Stories shared on social media tend to amplify the negative images of Airbnb, which may change the perceptions of potential consumers. The security of the local community was also a concern from a participant (FG1:2) who asserted that this aspect could be a major issue for neighbourhoods with senior citizens and young children. The participant could not trust the security issue in their local community (FG1:2). This study identified the three major areas of security standards and concerns from the perspective of the host, users and the local community. The security issue is consistent with the conclusion of Guttentag (2015), who stated that the security issue is a weakness of the sharing-economy platform. Although the Airbnb platform offers an insurance of one million USD to all hosts, security remains a key weakness of this platform.

2.2 Negative Factor of Potential Effects on Local Residents' Daily Lives

The effects on the daily lives of residents received the second highest weighting among the negative factors. Airbnb users may not fit into local practices due to cultural differences; thus, conflicts between travellers and residents may emerge. The high frequency and number of

different travellers staying in a local residential areas can also bring about unprecedented security issues for the hosts and the rest of the community.

Several participants (FG5) stated that travellers might occupy or destroy local/public facilities. A participant (FG2:2) affirmed that the disturbance of the security of residents could also devalue the properties in a certain area. This outcome confirms that the sharing economy can generate negative externalities (Pariona, 2017). Jonas (2015), Guttentag (2013), Lehr (2015), Pizam (2014) and Mattson (2015) all discussed the issues of disruption to residents, which include the depreciation in the local housing market. The current study extends the understanding of negative externalities to residents that can lead to property depreciation once an area develops into a popular informal accommodation destination and generates increased local consumption. Moreover, participants believed that local residents would not prefer to stay in an area typically filled by tourists.

2.3 Negative factor of the lack of standard operation and hospitality guideline

The lack of standard operations and hospitality guidelines, which indicate several unsatisfactory experiences by hosts, received the third highest weighting among the factors evaluated. In hotel services, staff members are trained before they start their jobs in the hotel. The original intention of Airbnb, however, is to offer spare space and existing products. Consequently, most of the hosts do not receive any proper training first, which creates numerous deviations from the expected services and standards by guests. The participants, thus, highlighted the need to improve simple guidelines for hosts.

2.4 Negative factor of market positioning

The participants affirmed the lack of market positioning. A participant stated that the *'business model of Airbnb might not fit in Chinese culture'*. Several relevant points were made, including cultural differences, marketing channel and a grey area of operation. Majority of hotel room distribution depends on OTAs, Weibo and Wechat (FG6:1) whereas, Airbnb only has its own platform which may not as accessible as hotel distribution channels.. Novel payment methods should also be considered. As China is rapidly transitioning to mobile payment via Alipay and WeChat Pay, potential Chinese users may be discouraged to use the Airbnb platform without these two payment modes. Airbnb cannot directly market itself as an accommodation sharing platform without being formally regulated by the government. The occurrence of several incidents in various countries creates negative images of security and safety issues for users and hosts. Consequently, the Airbnb platform may not be as approachable as local informal accommodation platforms which provide more comprehensive service and training. Airbnb does not have a clear position in the Chinese market and this may make its business in China difficult to operate. Moreover, Airbnb operates under a legal grey zone because no related laws and regulations exist to protect hosts and users in China. Hence, hosts and users are forced to face various risks, which can also be a threat to the future development of Airbnb in China.

2.5 Negative factor of the lack of legalization and government support

Although government support has been identified as an essential factor for the entire operation and development of Airbnb in China, no specific guidelines about Airbnb operation in China has been crafted thus far. Several areas, such as Amsterdam and San Franciscohave regulated Airbnb. to collects and remits tax from 16 different cities (Edelman & Luca, 2014). By contrast, Airbnb

is considered as illegally operating in several cities, thus creating numerous issues for different stakeholders. These findings support those presented by Jonas (2015), Guttentag (2013), Dredge and Gyimothy (2015), Abelmazov and Engstrom (2016) and the OECD (2016). The legalisation of Airbnb (informal accommodation platforms) can, therefore, reduce the risks to the hosts, users and local residents.

Aside from the top five negative factors explained above, this study also identified three other negative factors: the immature trust system (which refers to the differences among Chinese users), the fact that the platform is not attractive to business travellers, and the lack of basic facilities found in hotels (e.g. gyms and restaurants). Unlike other users, those from Mainland China tend to hold reservations toward online trust systems. The immature trust system is a critical issue for Chinese users who feel that this platform is not clear and organised. Finally, the lack of basic hotel facilities is also a concern raised by the participants.

Other Factors

Aside from the positive and negative factors, the present study also identified five factors (240 text units) that do not belong to either the positive and negative factors of Airbnb. Instead, these factors are closely related to the current issue of sharing-economy development from a global perspective: regulation and trust system (29%), effect on the hotel industry (26%), monitoring and training (32%), resource integration (14%), changing market trends (5%) and sustainable operation (4%).

3.1 Regulation and trust system

Regulation and trust system (29%) received the highest weight among the 'other factors' identified. China does not have any clear regulation for informal accommodation platforms, and this issue emerged as a major concern for all the participants. The participants suggested that a holistic regulation and a trust system should be established at the governmental level to protect all stakeholders. This suggestion is consistent with that of Sablik (2014) and Jonas (2015), who argued that no law exists to protect users. Our finding is also in line with Guttentag (2013), Pizam (2014), Jonas (2015) and the OECD (2016) in the view of lacking a security mechanism for users and hosts.

The participants, however, believe that the trust system in China is immature compared with that in other countries. Several participants suggested the government can set up a credit-check platform in which all sharing-economy stakeholders can register and be evaluated to ensure quality and adherence to safety standards (FG2:3). The participants, however, hold optimistic views that the government can regulate and set up a standard for all stakeholders to follow.

3.2 Effect on hotel market and price

The effect on the hotel industry received the second highest weight from all participants in the hospitality and tourism industry. The hotel setting is not comparable with the individual Airbnb accommodation service. The participants, however, verified several key effects on the hotel industry. The platform establishes an unfair competition for all legally operating accommodation operators. These operations should mainly follow all regulations, pay taxes and pass all required inspections. By contrast, Airbnb hosts and the platform itself do not have regulations to follow.

Accordingly, this condition also affects the hotel market and price, especially among lower-end hotels. This outcome supports those of existing studies (Oskam and Boswijk, 2016; Zervas et al., 2016; Sablik, 2014; Richard & Cleveland, 2016) who reported that Airbnb affects hotel revenue and pricing strategy.

3.3 Monitoring and training

Monitoring and training (32%) received the third highest weight among the factors, indicating the urgency of building a system for the platform to enhance the security level and hospitality service. From the findings, this monitoring and training system can form a type of agreement among all stakeholders. This system, which consisted of establishing guidelines on how to be a host and handle emergency situations, was proposed in each city in China. This informal accommodation sector can be sustained with government support and the introduction of more defined regulations.

3.4 Resource integration

Resource integration (18%) received the fourth highest weight. In relation to this, the participants urged that all stakeholders should work together to create a win–win business scenario. The ultimate goal is to have sustainable tourism industry. They believe that the transformation of traditional hotels by integrating all resources is a revolutionary undertaking. From the hotel operation viewpoint, they can integrate local short-term housing services by providing standardised housekeeping services and developing several high-end products (FG4:2). Another strategy is to incorporate available rooms into a hotel system to address overbooking issues (FG7:3). All resources should also incorporate laundry services and sharing of different resources.

3.5 Changing the market trend

Changing the market trend (5%) received the fifth highest weight. The market trend is moving towards greater presence in social media platforms. Within several years, Airbnb managed to become a competitive platform in the accommodation market. Through its platform, Airbnb has created a third social media platform for hosts and users to find a place to stay worldwide (FG1:4). This result affirms the urgency that hotels should face booming online platforms, such as Airbnb. This finding supports OECD (2016), which argued that the sharing economy shifts consumer behaviour in traditional services. Accordingly, hotels must reposition themselves to attract customers from different markets.

Conclusions

With the growth of sharing economy, Airbnb raises a debatable question to all stakeholders in the tourism industry. As the development of the sharing economy in China is booming in various market sectors, the government holds a promising view on this trend in several ways. Although a growing number of Chinese tourists use Airbnb for their overseas trips, Airbnb remains underdeveloped and requires additional efforts before it can thoroughly penetrate the Chinese market.

This study is the first attempt to investigate Airbnb development in China from the perspective of hoteliers by identifying the positive and negative factors and its opportunities and threats to the current tourism and hospitality industry. According to the perspective of hoteliers, they encourage fair competition between traditional and informal accommodation services. The government should reinforce the regulations and laws in the current accommodation market as the attitude of the government particularly influences the entire tourism market in China. If the government supports this informal accommodation development, then the tourism bureau and the housing department shall play a key role in regulating informal accommodation services and establishing a standard to protect all relevant stakeholders.

The two major competitors of Airbnb, namely, Tujia and Xiaozhuadapted to the Chinese consumption culture by providing more approachable and friendly services (no service fee for users and advance local preferable payment methods_, which Airbnb may need to integrate in its service strategy as well.

This study corroborated the notion that the Chinese market may not so different culturally, however, the advancement of payment methods, namely Alipay and Wechat pay make local platforms more approachable and convenient than Airbnb platform. In addition, based on Table 1, both local platforms do not require users to pay for service fee which make more attractive to use local platforms instead of Airbnb platform. The Chinese service industry may not 100% fit with the existing Airbnb service and standard. This condition brings opportunities for local competitors and Airbnb itself to be fully equipped to meet Chinese travellers' needs. The participants revealed that Airbnb creates a new market fully integrated with the resources of a destination. On the other hand, Airbnb can also supplement accommodation services to these hotels during peak seasons. This study highlights that monitoring and training of hosts in the Airbnb platform, as well as resource integration with local stakeholders can bring a win–win situation for all parties.

Airbnb should also readjust its strategies in the Chinese market position by providing a training program for hosts and service offices. The host training program should include emergency and safety routines, hygiene and security standards and hospitality services to offer a positive cultural experience for users. By working with multiple stakeholders, hotels, tourism agencies and the tourism bureau, Airbnb can support high season demands and work together to promote destination experiences. Hosts can also become local ambassadors by providing knowledgeable local culture sharing and hospitality to users. Even though this study was conducted in Mainland China to understand how hoteliers' view of Airbnb development in the Chinese market, the findings of this study may also serve as a reference to the hotel industry and tourism bureau for tourism planning and development.

Limitations and future studies

This study has several limitations. Firstly, it adopted a qualitative approach, which may not represent the views of all Chinese hoteliers regarding Airbnb development in China. Secondly, this study was conducted in Mandarin and transcribed into English, which may generate bias. Thirdly, focus group discussion is commonly regarded as artificial due to the high level of subjectivity during discussions. The interpretation of findings can also be influenced by the group leader (Brotherton, 2015). Thus, in terms of future studies, research in the Chinese market is still under development although Airbnb-related topics are gaining popularity. Considering the

global importance of the Chinese market, future studies should investigate the perspective of Chinese tourists and hosts regarding the market development of Airbnb, as well as new functions of local experiences. Aside from the qualitative approach, the quantitative approach can also be further developed from the views of different stakeholders, such as hosts and users.

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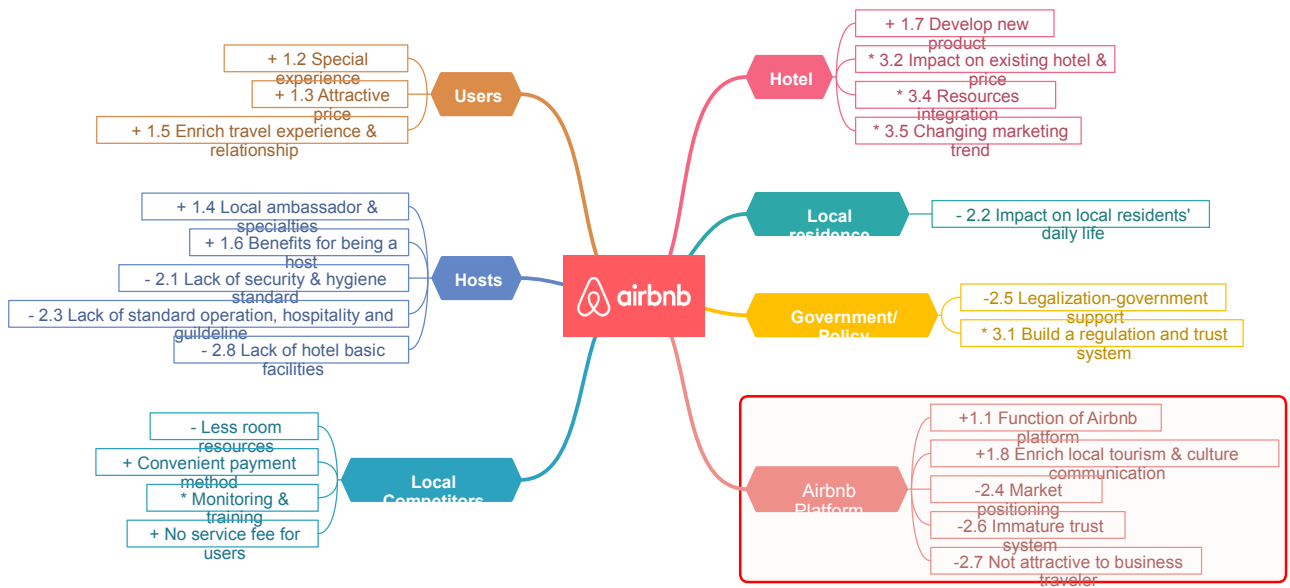Ziwei, L. (2017). Airbnb Well-Placed to Crack the Chinese Market? Doubtful. Retrieved from https://www.yicaiglobal.com/news/airbnb-well-placed-crack-chinese-market-doubtful

Figure 1. Summary of findings

Note: + Positive factors, - Negative factors, * Other factors

Table 1. A comparison of three key players

	Airbnb	Xiaozhu	Tujia
Background Information	• Founded in 2008 in San Francisco, US.	• Founded in 2012 in Beijing, China.	• Founded in 2011 in China.
	• A variety of accommodations: apartment, villa, castle, island and so on	• A variety of accommodations: apartments, courtyard, log cabin, garden villa and so on	• A variety of accommodations: apartments, villas, houses and so on
	• More than 3 million properties in over 65,000 cities and 191 countries. Guests in the world: More than 1.6 billion in • listings in China: around 30,000 , less than 300 listings in Harbin.	• More than 200,000 properties in over 300 cities. • Has Operating centers in 20 cities in China	• More than 450,000 properties in 335 domestic and 1,085 overseas, Hong Kong & Taiwan regions destinations
Common factors	• Short-term rental platform • A variety of accommodations • Focus on local experience (emphasize interaction between users and hosts by enhancing social mechanisms)		
Differences			
Business model	• C2C	• C2C	• B2C and O2O
Commission	Paid by both hosts and users	Paid by hosts	Paid by hosts
Cooperation	• Cooperate with Concur (attract business travelers) • Cooperate with China trust system 'sesame credit.'	• Cooperate with some famous sharing economy platforms such as we work, Kr space and ur-work (develop a new market for business travelers)	• Cooperate with Ctrip-Online Travel Agent(establish strategic cooperative partnership)
Insurance	USD 1 million and Security payment for the host (RMB 5 million)	Family Property Insurance for the host (RMB 880,000)	Insurance fund for the host (RMB 10 million)
Others	• 24/7 call service	• Sanitation project -"Xiaozhu Housekeeper" and "Worry-less Check-In Program". • Host service training, and housekeeping.	• Integrate offline real estate stock in tourist destinations, and customer care center services. • Focus on service quality: "hands-on" approach, training classes for hosts, cleaning services and 24/7 call service to guests

1. Positive Factors	
1.1 Function of Airbnb Platform	**Easy to use and convenience:** Fang, Ye, and Law, (2016); Sablik (2014); Zervas, Proserpio & Byers, (2016)
1.2 Authentic Experience	**Experience the authentic community:** Guttentag (2013); Heo (2016); Dollberg, Shalev & Chen (2010); Pizam (2014); Weber (2014); Tussyadiah, 2016; Ikkala and Lampinen (2015); and Cheng (2016); Lin (2018); Lin et al. (2019)
1.3 Attractive Price	**Cost-saving:** Guttentag (2013); Heo (2016); Lehr (2015); Zervas et al., (2016); Tussyadiah (2016); Weber (2014); Nica & Potcovaru (2015); Oskam & Boswijk (2016); OECD (2016); Lin (2018); Lin et al. (2019)
1.4 Become Local Ambassador	N/A
1.5 Enrich Travel Experience and Relationship	**Local experience:** Tussyadiah & Pesonen (2016); Tussyadiah (2016); Varma et al. (2016); Lin (2018) **Raising the needs from consumer:** Roblek et al. (2016)
2. Negative Factors	
2.1 Security Standard and Hygiene Standard	**Security issue:** Guttentag, 2015
2.2 Effect on Local Residents' Daily Life	**The disturbance of the area security of residents:** Jonas (2015); Guttentag (2013); Lehr (2015); Pizam (2014); Mattson (2015); Pariona (2017)
2.3 Lack of Standard Operation and Hospitality Guideline	**Service quality and standard:** Guttentag (2013)
2.4 Market Position	N/A
2.5 Legalization Government Support	**Regulated Airbnb:** Edelman & Luca (2014) **Illegality and taxation:** Jonas (2015); Guttentag (2013); Dredge & Gyimothy (2015); Abelmazov & Engstrom (2016); OECD (2016)
3. Other Factors	
3.1 Regulation and Trust System	**Regulation:** Sablik (2014); Jonas (2015); Guttentag (2013); Pizam (2014); Jonas (2015); OECD (2016)
3.2 Effect on Hotel Market and Price	**Pricing strategy:** Oskam and Boswijk (2016) ; Zervas et al (2016); Sablik (2014); Richard & Cleveland (2016)
3.3 Monitoring and Training by Platform	N/A
3.4 Resource Integration	N/A
3.5 Changing the Market Trend	Distrupting tourism (OECD, 2016)