Analysis of Stakeholders' Views of Travelers' Choice of Airbnb

Introduction

Sharing economy dramatically changes the behavior of consumers in traditional services (Countries, 1990) and significantly influences service marketing and management. With the increasing demand for short-term rentals in tourist destinations (Quattrone, Proserpio, Quercia, Capra, & Musolesi, 2016), Airbnb, an informal accommodation service platform, has varied the travel patterns of travelers by lowering accommodation costs and providing unique social encounters and values both mentally and physically (Cheng, 2016b; Tussyadiah & Pesonen, 2016). Airbnb customers usually evaluate extrinsic and intrinsic attributes simultaneously prior to making a purchase (Tussyadiah, 2016; Varma, Jukic, Pestek, Shultz, & Nestorov, 2016). Typically, they consider price (Ikkala & Lampinen, 2014; Mattson-Teig, 2015), service quality (Guttentag, 2015; Möhlmann, 2015), facility (Li, Pan, Yang, & Guo, 2016; Varma et al., 2016), and reputation of the accommodation (Edelman & Geradin, 2015; Ert, Fleischer, & Magen, 2016) in their buying decisions.

The Airbnb platform offers unlimited alternatives to traditional service hotels (Lehr, 2015). Nguyen (2014) demonstrated that the increase in Airbnb listings coincides with the decrease in hotel revenues, which can impact the hotel industry. The decrease in revenues and the loss of sustainable development may stimulate hotels to compete with Airbnb by lowering their prices (Oskam & Boswijk, 2016; Zervas, Proserpio, & Byers, 2014). Nevertheless, the trend of a sharing economy may represent an opportunity for the traditional hotel industry to reposition and expand its market share by providing differentiated products (Richard & Cleveland, 2016). Therefore, reacting to fierce competition from informal accommodation has become a crucial issue for the traditional hotel industry. Many studies have indicated that the successful management of a hospitality service lies in understanding the decisions of customers (Smith & Rupp, 2003; Verma, Plaschka, & Louviere, 2002).

Consequently, accommodation operators should consider their customers' preferences and decisions when providing products and services. However, informal accommodation may gain more competitive advantages than traditional hotels owing to differences in taxation and regulations (Abelmazovs & Engström, 2016; Jonas, 2015; Sablik, 2014). The reason is that customer demand and market supply change over time, but regulations do not adapt to those changes (Quattrone et al., 2016). The sharing economy disregards the laws designed to protect consumers, and this action places consumers at risk (Pizam, 2014; Sablik, 2014).

According to Harjani (2015), Hong Kong is the second most costly city to travel to, with hotel room prices ranging from $81 to over USD 1,000 per night (Booking.com). In the current listings of Airbnb in Hong Kong, over 1,000 hosts offer an average of USD 85 per night, with accommodation prices ranging from USD 10 to USD 1,500 per night. For the same price range of USD 80 per night for rooms from Airbnb and Booking.com (Table 1),

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reviews from hotel customers revealed a distinctive difference in terms of their quality of stay and their experience of Hong Kong as a metropolitan destination.

**Insert Table 1. Comparison of customers' reviews from Booking.com and Airbnb in Hong Kong

In the similar price range, the Airbnb platform stands out because of its advantages and niche market by serving travelers the new concepts of *"Welcome Home"* and *"Your Home, Everywhere: on Airbnb, every vacation rental feels like home. Find everything from luxury villas to family-friendly apartments"* (Airbnb, 2015a). Contrary to the formal accommodations offered by the hotel industry, Airbnb values local authenticity by encouraging hosts to share their spare rooms and, in the process, gain extra income. At present, no studies are focusing on the effects of Airbnb on the Hong Kong tourism industry. According to Barclays' report, in New York, Paris, and London, Airbnb has affected hotel room supplies by 17.2%, 11.9%, and 10.4%, respectively, with the numbers projected to increase in the next few years (Mudalla, 2015). The Hong Kong government has been encouraging travelers to stay in licensed accommodation services for a positive travel experience in Hong Kong. Indeed, a city that provides a secure travel environment can provide travelers the confidence to stay. However, unaffordable hotel prices and poor-quality accommodation services are likely factors that influence travelers to choose alternative informal accommodation services. As a result, the Airbnb platform has the potential to develop in the Hong Kong tourism industry. Identifying the factors that influence the growth of the Airbnb platform can help Hong Kong tourism stakeholders formulate future policies on the development of the accommodation sector and contribute to a positive destination image.

Hong Kong is a popular travel destination in Asia. Thus, raising awareness on Airbnb's operations and implications to various stakeholders of the tourism industry, especially the accommodation sector and tourism board, is important in this city. The sharing economy, such as Uber (unlicensed taxi service) and Plate culture (unlicensed private kitchen), is gaining ground in the various sectors of the tourism industry worldwide. Thus, Airbnb can be the first milestone of the sharing economy by having its effects on the Hong Kong tourism industry considered in the formulation of policies and regulations. This study explores the determinants of travelers' decision on Airbnb as perceived by Airbnb users, Airbnb hosts, and hotel operators in Hong Kong. Also, it identifies the legal implications from the perspectives of the three stakeholders and proposes feasible suggestions for future policy considerations and research direction. This study is planned to achive the following objectives:

- To investigate the effects of Airbnb on the Hong Kong tourism industry.
- To identify the major dimensions of the effects of Airbnb on traditional accommodation operators, users and Airbnb operators.

- To raise the awareness of and concerns pertaining to the Airbnb operations.
- To propose suggestions for the formulation of public policies and regulations on Airbnb operations to enhance visitor experience in Hong Kong.

Literature review

Overall Airbnb

The sharing economy has been extensively studied, especially Airbnb, which is a peer-to-peer (P2P) accommodation platform. Airbnb is an alternative supplier and provides additional options for goods and services traditionally offered by long-established accommodation industries (Zervas et al., 2014). It not only effectively assists destinations in responding to peak demands (Cheng, 2016b; Lehr, 2015), but also enables apartment owners or lenders to share their spare spaces and, in return, make a profit from them (Nica & Potcovaru, 2015). To establish trust between hosts and users, Airbnb increased functions on the platform, such as public reviews and photo identification (Guttentag, 2015).

Cheng (2016b) categorized the impact of the sharing economy on tourists into three themes, namely, social, behavior, and members. Tourists can gain an authentic, interactive experience with hosts online by accessing a wide range of products and services at affordable prices (Heo, 2016). These experiences encourage a large number of people to travel, increase their travel frequency, extend their length of stay at destinations, and enrich the range of activities they can participate in, thereby boosting tourist spending. Local businesses and the destination can benefit from these exposures (Tussyadiah & Pesonen, 2016). Guttentag (2015) illustrated other benefits of Airbnb, such as low price, useful local advice, full kitchen, and authentic local experience. This platform significantly changes travel patterns by reducing accommodation costs and providing useful local suggestions and meaningful social interactions with locals (Cheng, 2016b; Guttentag, 2015). People who possess a high level of culture capital can benefit largely from this form of sharing economy (Cheng, 2016b).

The rise of Airbnb exhibits a revolutionary impact on the use of traditional housing as temporary hotels (Jonas, 2015). This phenomenon presents several benefits, such as flexibility of supply, wide range of options, creation of entirely new markets for goods and services, and numerous opportunities for entrepreneurs and consumers (Sablik, 2014). The success of Airbnb lies in its smart interfaces, leveraged assets and empowered autonomous works, the authenticity of P2P contact, and low environmental impact (Oskam & Boswijk, 2016). The sharing economy enhances the limited resource utilization in society (Nica & Potcovaru, 2015).

However, the environmental pressures resulting from Airbnb accommodation may lead to resource exploitation and overcrowding in destinations (Tussyadiah & Pesonen, 2016). Airbnb accommodations also cause problems such as security risks and quality-of-life

concerns, because they disturb existing residents and do not receive proper fire and safety checks. Transient occupancy is illegal and unsafe (Jonas, 2015) because Airbnb does not take responsibility for the listings provided on its platform (Lehr, 2015). Without regulation, it provides startups an unfair advantage over highly regulated incumbents (Jonas, 2015).

Guttentag (2015) indicated that Airbnb insignificantly impacts traditional accommodation providers. However, some researchers (Heo, 2016; Oskam & Boswijk, 2016) emphasized that Airbnb has become a market leader because it disrupts the traditional hospitality industry and creates conflicts among different tourism stakeholders. Research indicated that the role of low-end hotels had been replaced by Airbnb, thereby resulting in the growth of social unemployment (Cheng, 2016b; Fang, Ye, & Law, 2016). In particular, Airbnb has shaken up the traditional business model by negatively impacting local housing markets while creating new opportunities for destinations (Guttentag, 2015). The development of Airbnb has attracted the attention of the government and lawmakers to its illegality, crimes, and security mechanisms (Guttentag, 2015). Over 72% of Airbnb transactions are illegal under existing laws (Varma et al., 2016). Competition from Airbnb gains an unfair advantage against traditional services because of the difference in taxation and regulation between them, which places customers at risk (Abelmazovs & Engström, 2016; Sablik, 2014; Varma et al., 2016). Economic stimulus and safety should be considered in regulating the sharing economy (Nica & Potcovaru, 2015).

Airbnb Users

Airbnb is a low-cost and choice to traditional hotels; it enables travelers to select destinations, trips, and tourism activities and offers unique local experiences (Tussyadiah & Pesonen, 2016). This platform supplies social values to users and hosts, such as direct connection with locals, and its involvement in the sharing economy eases people's lives (Nica & Potcovaru, 2015). Nguyen (2014) reported that users choose Airbnb because of its convenience and price, the product or service itself, and word of mouth. Heo (2016) emphasized that sustainability, community, and economic benefits are the main motivating factors of users opting to stay in Airbnb accommodations. Ert et al. (2016) referred to the profile of a host as a determinant in the decision making of guests. Reviews, descriptions, and images of accommodation also influence the decision making of users in their vacation planning (Ng, She, Cheung, & Cebulla, 2016). Therefore, visual-based trust readily alters the choice of consumers even under varying reputations (Ert et al., 2016). In other words, social interaction and relationships with the host may significantly affect the perceived value and satisfaction of P2P sharing services of tourists (Heo, 2016).

The sharing economy dramatically enhances people's mobility in their choice of place to visit, community facilities, and infrastructure, integration of online and offline behavior, and potential length of stay (Cheng, 2016a). Meanwhile, tourists' participation in the sharing economy reduces the environmental impacts of consumption to some extent. Such collaborative consumption satisfies consumers' social needs, such as their desire for socialization (Tussyadiah, 2016). However, users may face some risks of landing in a dingy,

grimy, and smelly lodging facility with lumpy mattresses and unwelcoming hosts (Pizam, 2014). Without optimal insurance, users and their intermediaries may suffer moral hazard (Weber, 2014).

Airbnb Hosts

Space sharers on Airbnb are regarded as hosts, most of whom are employed or self-employed with high educational attainment (Forno & Garibaldi, 2015; Oskam & Boswijk, 2016). The hosts attract their targeted groups of users by using diverse price strategies and offering unique and enjoyable experiences for guests (Ikkala & Lampinen, 2015). Ikkala and Lampinen (2015) divided these hosts into (1) those renting outs lodgings somewhere else to guests and (2) those sharing their apartments with guests to achieve the desired amount of sociability. Forno and Garibaldi (2015) classified these hosts into those who (1) have well-defined lifestyles and interests, (2) believe in environmentally friendly tourism, (3) enjoy organic food, and (4) enjoy fair trade products. They further suggested that trust, open-mindedness, inventiveness, enthusiasm, and flexibility are essential aspects connecting hosts and users of Airbnb as an alternative form of tourism (Forno & Garibaldi, 2015). The trustworthiness perceived by customers always comes from the photos and reputation of the hosts (Ert et al., 2016). The released function of reviewing guests has provided hosts with options to choose and comment on their guests (Ikkala & Lampinen, 2014). Hosts and users can be generous, or at least wary because they can openly review each other, thereby mutually building the digital word of mouth (Ert et al., 2016; Forno & Garibaldi, 2015; Pizam, 2014).

Ikkala and Lampinen (2015) categorized the motivations of hosts into three types: (1) trying an intriguing and rewarding way of meeting interesting people with diverse cultural backgrounds, (2) pleasant sociable interaction with guests, and (3) establishing a host-guest relationship with guests. Dollberg, Shalev, and Chen (2010) and Pizam (2014) argued that financial return, reusing spare spaces, and social interaction with people throughout the world are the main motivations of hosts. Hosts can achieve a sense of control and ease of participation from the hosting involvement and the substantial income (Ikkala & Lampinen, 2014, 2015).

The hosts of Airbnb accommodations can be at risk as well. For example, users may damage or vandalize the properties of hosts, act inappropriately, and upset the families and neighbors of the hosts (Pizam, 2014). Also, insurances covering the injuries and deaths of hosts and guests are limited (Lieber, 2014). Airbnb has difficulty in negotiating liability coverage because insurance organizations require large accumulated data by years (Lieber, 2014).

Hotel Operators

Unlike businesses and individuals benefiting from the sharing economy with intangible assets, the tourism industry is influenced in terms of service offerings, quality enhancement, employability, and income growth (Roblek, Stok, & Mesko, 2016). The hotel selection strategies of tourists depend on the extrinsic and intrinsic attributes of the hotel. Varma et al. (2016) demonstrated that review ratings, review frequencies, review variations, star ratings,

and price significantly influence the accommodation choices of tourists. Compared with hotels, Airbnb distinctly provides a wider variety of products and services at affordable prices (Zervas et al., 2014).

Empirical research has found that Airbnb poses a quantifiable negative impact on the local hotel industry, especially for low-end hotels (Nguyen, 2014; Oskam & Boswijk, 2016; Varma et al., 2016; Zervas et al., 2014). Zervas et al. (2014) manifested that low-priced hotels and hotels that do not cater to business travelers suffer the most. The pricing power of a hotel is dramatically affected by informal accommodations during peak seasons (Zervas et al., 2014). However, Pizam (2014) argued that P2P accommodations could not significantly damage the traditional tourism and hospitality industries. Although low-end and mid-range hotels are adjusting their marketing strategies to compete with Airbnb, some traditional hoteliers do not regard Airbnb as a significant disruptor or competitor in the hospitality industry (Varma et al., 2016).

Various studies have shown that some hotels reduce their prices to compete with Airbnb, a practice that damages the revenue of these hotels but benefits travelers (Zervas et al., 2014). The alternative and low-cost supply of Airbnb and traditional hotels can increase travel and tourism expenditure in general (Zervas et al., 2014). However, hotels must transfer their knowledge and resources from their current model to the disruptive sharing economy model (Richard & Cleveland, 2016). Oskam and Boswijk (2016) advised hotels to focus on guest experience, public spaces, and local communities (Oskam & Boswijk, 2016). However, Airbnb development in different destinations should be investigated owing to the limited studies on the abovementioned stakeholders. The effect of Airbnb policy on the experience of travelers in Hong Kong, which is a leading city in the world, is still unclear. This study aimed to comprehensively evaluate the current trend of Airbnb operations in Hong Kong. The findings of this study could serve as a basis for future policy recommendations in the accommodation sector, which could be beneficial to the development of the Hong Kong tourism industry.

Methodology

A sequential, exploratory, and mixed-method approach of two phases was applied in this study. Phase one involved literature review and content analysis, and phase two involved focus groups and interviews. From these phases, the determinants of users' decision on Airbnb by different stakeholders and their perspectives on its legalization were obtained.

In phase one, an in-depth literature review of relevant articles on Airbnb operation and development was conducted to understand the sharing economy. Content analysis was also applied to investigate the reviews of Airbnb users and generate the purchasing behavior and use intention of these users. Based on the findings from the literature review and content analysis, a list of significant indicators from the comments of Airbnb users was developed and discussed in phase two.

In phase two, three stakeholders, namely, Airbnb users, Airbnb hosts, and hotel operator, were interviewed separately. Owing to the ease of gathering Airbnb users, this project recruited two focus groups and 25 individual interviews. Each focus group had 12 participants with one facilitator to moderate the process (Brotherton, 2008). A total of 39 Airbnb users participated in the focus groups and one-on-one interviews. Meanwhile, 15 Airbnb hosts and 15 hotel operators were involved in individual interviews during this phase. Semi-structured interview questions were used to identify the effects of Airbnb on each sector.

These groups were asked to discuss their views on the influencing factors in users' decision on Airbnb and the regulations and policies that could be formulated by the government and policy makers to assist in the future development of the Hong Kong tourism industry. These regulations and policies were based on the experiences of two cities where Airbnb legally operates, San Francisco and Amsterdam.

- Airbnb users were invited to discuss their reasons for using the service platform and their expectations of the services received.

- Airbnb operators were invited to discuss the perceived determinants of Airbnb users' decision on Airbnb and their future sustainable development.

- Traditional accommodation operators (hotels, hostel, and B&B operators) were invited to discuss the perceived determinants of Airbnb users' decision on Airbnb and its long-term effects on the Hong Kong tourism industry.

Based on the findings in phases one and two, the determinants of customers' decision on Airbnb as perceived by each stakeholder and the various dimensions of the relevant issues and concerns that the government and policymakers should consider in the future development of the Hong Kong tourism industry were analyzed. This study is a pioneering effort that could serve as a reference for the government and public policy makers in other cities and countries.

Data Analysis

The data in this study were collected from focus groups and individual interviews. The data analysis in phase one included content analysis through grounded theory and NVivo software. This step allowed the researchers to investigate Airbnb development by analyzing online reviews without the influence or direction from "a priori" theories or concepts, thereby enabling a discussion on the findings specific to this project (Jennings, 2001).

In phase two, all focus groups and one-on-one interviews were transcribed. The interviews were divided into three groups, namely, interviews with Airbnb users, Airbnb hosts, and hotel operators. NVivo was used to code all the data into two major themes: determinants of users' decision on Airbnb and its legalization. The coding helped identify the major dimensions of users' stay in Airbnb as perceived by the three stakeholders. The data from each main theme were developed into subthemes to determine their interrelationship. From the 69 participants, a rich data set was developed and illustrated as text units. A total of 522 text units produced a theme, that is, what are the most important factors in users' decision on Airbnb as perceived by the three stakeholders? Salient points were started with detailed content analysis and

extracted from interview transcripts. Representative comments in that category were selected to illustrate the key points.

Finally, a triangulated analysis of all data from the three sources was conducted based on the findings in phases one and two.

Findings

Table 2 illustrates the demographic profile of the interview respondents. Among the 69 respondents, more than half of the Airbnb users and hosts were female (79% and 53%, respectively), while only 29% of hotel operators were female. Most of the respondents were middle-aged; around 70% of Airbnb users and hosts were aged between 26 and 45 years old, while over 40% of hotel operators were in this age range. The marital status of the Airbnb users and hosts presented a balanced distribution between married and unmarried. A different result was found for hotel operators. Most hotel operators were managers in the industry. Most interviewees were well-educated, with nearly 90% of them possessing university education qualifications or above. The income level of Airbnb users was mostly over 10,000 HKD monthly, that of Airbnb hosts was over 20,000 HKD monthly, and that of hotel operators was largely over 70,000 HKD monthly.

**Insert Table 2. Demographic Profiles of the Interviewees (N=69)

Perceived Determinants by the Three Stakeholders

Eight final determinants were generated based on the frequency of the determinants discussed. These items covered most aspects of accommodation, from tangible attributes of an accommodation facility to intangible attributes such as local experience. The final set was organized to determine the key determinants of users' decision on Airbnb as perceived by its users and hosts and hotel operators. The perceived determinants by the three stakeholders are listed in Fig. 1, and the ranking of these determinants areare presented in Table 3.

**Insert Figure. 1. Perceived determinants by stakeholders

a. Facilities, space, and decoration

Airbnb users (27%) provided the highest weighting among all factors on facilities, space, and decoration compared with Airbnb hosts (16%) and hotel operators (9%). Two focus group members stated that they enjoy trying different types of accommodations. One example was a member who stayed in a famously designed villa (F1), and another example was a user

(U18) who highly appreciated a large private space. Many participants reported enjoying having kitchen facilities and washing machines for different reasons.

This outcome supported the findings of Quinby and Gasdia (2014) and Tussyadiah and Pesonen (2016) that the facility and space of the accommodation, such as kitchen and parking spaces, are the main determinants of travelers' decision on Airbnb. By contrast, Airbnb hosts and hotel operators in the present study emphasized that local experience was superior to other determinants of customers' decisions. The reason was that the definitions of facility, space, and decoration of Airbnb hosts and hotel operators varied from the requirements of customers. Hosts probably underestimated the importance of facilities, while hotel operators were overconfident with their hotel facilities.

b. Price
Users (21%) gave the second highest weighting among all factors on price compared with Airbnb hosts (17%) and hotel operators (17%). The cost of staying in Airbnb is always lower than that of staying in hotels. Price is also a key determinant for Airbnb users, especially when the hotel cost is much higher in a particular city and the length of stay influences their decision making. Price received the second highest weighting among all factors from users and hosts, whereas it received the third highest weighting from hotel operators. This finding supplemented the results of Nguyen (2014) and Heo (2016) that price is the main motivating factor of customers' decision to stay in Airbnb.

c. Purpose of travel and companionship
The weightings of the purpose of travel and companionship differed for the three stakeholders at 17%, 6%, and 5% for Airbnb users, Airbnb hosts, and hotel operators, respectively. Notably, the weightings by the latter two stakeholders were almost similar. Users preferred the Airbnb service for leisure trips with family and friends. A user (F1) mentioned, "I choose to stay in a villa depending on my companion, but I enjoy the stay best with my friends." If users had a sufficient budget for business travels, then they would choose to stay in a hotel to enjoy its facilities and services. Thus, the purpose of travel and companionship ranked second for users' decision on Airbnb. Users gave the third highest weighting to the purpose of travel and companion among all factors compared with hosts (fifth) and hotel operators (seventh). Notably, the weightings of the two latter stakeholders were similar. The determinants of customers' decisions on Airbnb accommodation as perceived by Airbnb users and hotel operators remained unclear. The outcomes suggested that the perceived factors among the three stakeholders have a distinct gradient phenomenon.

d. Local experience

Unlike the perceptions of the three stakeholders on the purpose of travel and companionship, their perceptions on local experience presented an opposite trend. Airbnb hosts and hotel operators provided local experience with the highest weighting among all factors, with 33% and 26%, respectively. By contrast, Airbnb users provided the factor with the fourth highest weighting (15%). Local experience is the key offering of Airbnb, thereby creating a new style of travel. According to a user (U11), "My kids can learn the culture of the locals by staying in a local's house." Previous studies have shown that accommodations that provide unique cultural value, such as local culture and local life, appeal most to travelers (Ng et al., 2016; Su & Wall, 2010; Tussyadiah, 2016). The present study addressed the knowledge gap on the views of the three stakeholders on local experience.

e. Convenient location

Users provided the convenient location with the fifth highest weighting (13%) among all factors compared with hotel operators (3%) and hosts (1%). The convenient location received much attention because of the transportation methods. When users rent a car, the location is not as important as other factors. However, convenient location becomes a key factor to users without a car, especially for family travelers. A user (U15) commented that convenient location includes closeness to public transportation and safety of that particular area. These findings supported those of Varma et al. (2016) that location is an important determining factor of customer's final choice. Airbnb hosts and hotel operators provided the convenient location with seventh and eighth rankings, respectively. The weighting of convenient location from users was higher than that from other stakeholders. In particular, U11 mentioned that travelers with security concerns and family members, especially children, choose accommodations in the city center with convenient transportation.

f. Online reviews and recommendations

Airbnb users emphasized online reviews and recommendations (12%) more than do hotel operators (8%) and hosts (4%). The majority of users relied on reviews for their decisions. According to a user (F1), some Airbnb accommodations present beautiful photos on the website but negative reviews can affect their image. Moreover, if a particular destination featured well-developed informal accommodation services, users would more likely choose that instead of hotel accommodation. This result was supported by Ert et al. (2016), Ng et al. (2016); Varma et al. (2016), who reported that accommodation reviews on a website, such as review ratings and review frequencies, largely affect the hosts' reputation perceived by the users and the users' decision on vacation plans.

g. Well-developed platform and other technology development

Airbnb hosts and hotel operators admitted the noticeable influence of the platform and other technology on users' decision. By contrast, Airbnb users did not comment on this factor. An

Airbnb host (U14) stated that the user-friendly function of the platform attracts a large number of customers. Oskam and Boswijk (2016) also indicated that Airbnb provides smart interfaces, leveraged assets and empowered autonomous works, and authenticity of P2P contact to hosts and users.

h. A large number of choices and distribution channels for accommodation

Large number of choices and channels for accommodation was regarded by hotel operators as an important factor affecting customers' decision on Airbnb (21%). By contrast, the two other stakeholders did not comment on this factor. Hotel operators provided this factor with the second highest weighting among all determinants. This result was in line with the findings of Zervas et al. (2014) and Sablik (2014) that Airbnb offers a wider range of accommodation choices and services than hotels. However, no views on this factor were obtained from the two other stakeholders. Some interviewed managers underlined that customers can find what they want because thousands of accommodation lists are provided on the platform.

**Insert Table 3. Ranking of Determinants

Similarities and Differences of Determinants

The obtained rankings of dimensions determined the similarities and differences of determinants of customers' decision on Airbnb (Fig. 2). The findings above indicated that Airbnb users and hosts provided the same weights for *Price* and *Online reviews and recommendation*. Meanwhile, Airbnb hosts and hotel operators provided *Local experience* with the highest ranking among all factors. Notably, the rankings of Airbnb users and hotel operators for the determinants differed, which indicated a gap between the stakeholders.

The gap in perceived determinants between users and both accommodation operators has been a major topic in marketing research. Previous results showed that perceived determinants that are close to customer preferences could be a good indication of the accommodation decision of customers. Further analysis was conducted in the current study to enhance the consistency between customer demand and the offerings of accommodation operators (Fig. 2).

The perceived determinants of similar rankings by the three stakeholders were *Price* and *Online reviews and recommendation.* Hotel operators and Airbnb hosts, which are traditional and informal accommodation operators, respectively, presented common determinants, including *Facilities, space, and decoration*, *Price*, *Local experience*, *Convenient location*, and *Online reviews and online recommendation*. These similarities and differences should be considered in customers' decision and accommodation operators' marketing strategies.

**Insert Figure. 2. Perception Gap

Perceptions of Legalization

A controversial theme during the development of Airbnb is its legality (Guttentag, 2015; Varma et al., 2016). Given that users play a key role in the success of Airbnb, their attitude is a pivotal variable on the operation of Airbnb. The response from Airbnb users for attitude evaluation is presented in Fig. 4. The results indicated that 38% of Airbnb users would decide depending on accommodation destinations and reviews, whereas 36% of users would ignore this factor. Furthermore, 26% of users would stay with Airbnb regardless of its legality. These findings reflected that customer preference is based on a safe environment and accommodation reviews, which supported the notions by Ng et al. (2016) and Weber (2014). Also, these findings also reflect on the destination image. One user specifically mentioned "Japan is a safe country to travel to. Regardless of Airbnb legal or not, I will still choose this unique travel experience" (U8). From industry perspectives (H12), the population density of Hong Kong is relatively high than most of the cities. Without any fire and safety check, sharing accommodation service can be a very risky business which can consequently impact on all stakeholders. Maintaining a destination image is required a lot of collaborations among all stakeholders. If there is an unfortunate incident that happened in Hong Kong, this destination brand name will place all tourism stakeholders in a difficult position.

On the basis of users' views on legalization, four areas were identified, namely, specific regulation development (13 text units, 42%), taxation (5 text units, 6%), safety and hygiene standard (7 text units, 19%), and problem-solving service for users and hosts (6 text units, 19%). These areas could be investigated by the Airbnb platform and the government to provide fair and safe destinations. For the government, specific regulation development and taxation should be further investigated for the current development of the sharing economy in the accommodation sector. U19 claimed that Airbnb accommodations should be regulated, particularly for those in unsafe or rural areas. In terms of taxation, users agreed that their accommodation service should be protected by law. A user (F1) noted that paying tax is a necessary step to protect all stakeholders. For the Airbnb platform or any similar informal accommodation service, safety and hygiene standard and problem-solving for users and hosts should be established to provide them with trustworthy service. In some informal accommodation services, hygiene standards and facilities might be planned differently. However, a standard should be established by the platform to ensure quality and good experience. A user (U10) mentioned that safety should be prioritized. Specifically, this user said, "I hope that Airbnb operates under a regulated system to protect all relevant parties."

**Insert Figure. 3. The response of Airbnb users toward the illegal operation

The perception of stakeholders toward the legalization of Airbnb was consistent on regulation and safety checking and taxation (Fig. 4). All stakeholders agreed with the regulation of Airbnb operation. The rules should embody important values and protect customers and the

public at large. This finding is consistent with the results of Oskam and Boswijk (2016) that the influences of Airbnb as a challenging innovation and the response from other parties lead to a demand for regulatory policies. In the current study, 51% of hosts suggested that the government should enrich the policy on Airbnb development (or any informal accommodation platform) as it is an inevitable trend in the hospitality industry.

Meanwhile, 22% of hotel operators, such as M13, mentioned that Airbnb should be legalized and should comply with certain regulations upon their entry into the market. A total of 23%, 14%, and 8% of Airbnb users, Airbnb hosts, and hotel operators, respectively, proposed safety checking. Insurances covering the injuries and deaths of hosts and guests (Lieber, 2014) are lacking. Thus, the daily safety checking by Airbnb operators should be conducted. In terms of unfair competition, 16% of Airbnb users and 3% of hotel operators stated that Airbnb and its hosts should pay tax.

On the contrary, no Airbnb host mentioned taxation. The results verified that tax payment could be a gradual path to legalization from the users' perspective. Industry managers also emphasized the necessity of tax payment.

Airbnb users proposed various measures, such as problem-solving service for hosts and users. Industry managers asserted that a registration system should be provided for Airbnb operators and users. Specifically, hosts should apply for a business license, while the government should simplify the informal accommodation standard, consider the entire industry, and maintain balance among stakeholders.

**Insert Figure. 4. Perception of stakeholders on legalization

Conclusion and Implications

This study explored the determinants of users' decision on Airbnb as perceived by different stakeholders. These stakeholders provide crucial insights into practical marketing strategies in the sharing economy, including the design of products/services. Several implications on how marketers could respond to Airbnb development were proposed based on the findings. This study also contributes to the literature in tourism and hospitality on consumer behavior characteristics that differentiate P2P accommodation from traditional accommodation types. The existing perception gaps among different stakeholders affect customers' decision-making and marketers' marketing strategies adoption, leading to uneven satisfactions.

Distinguishing determinants affecting the decision making of customers is an effective approach to understand customers' demand and satisfy their needs (Peterson & Wilson, 1992; Pizam & Ellis, 1999). The current analysis indicated that the key determinants identified by

all stakeholders were price and online reviews and recommendation. Consumers' decision on choosing the Airbnb service was prominently influenced by accommodation price and reviews from previous users and recommendation from their relatives or friends. This finding is consistent with previous studies which indicated that price and reviews are initial influencers in customers' decision making process (Chen, Nguyen, Klaus & Wu, 2015; Cheng, 2016; Han, Yu & Kim, 2018; Moon & Han, 2019). The findings could be useful to Airbnb when advising price to hosts while traditional accommodation operators also could implement effective measures of competitive pricing strategies and user-friendly review functions.

This study found that Airbnb users provided the highest weighting on facilities, space, and decoration among all factors. This factor involved the physical and tangible attributes of accommodation. This finding differs from those of most prior studies on Airbnb accommodation. Unlike in previous findings by Heo (2016), sustainability, community, and economic benefits were the main determinants of users' decision on Airbnb in the current study. The key determinant for accommodation operators, including traditional hotel and Airbnb operators, was local experience, which demonstrated a significant gap among stakeholders. Most accommodation hosts recognized the importance of price and online reviews to customers, but they underestimated their tangible attributes. Hotel operators should raise their value-oriented awareness of experience service and reinforce their overwhelming superiority in tangible facilities to gain competitive advantages in the tourism market. Customers highly demand personalization. Unlike traditional hotels with standardized service offerings, Airbnb hosts are encouraged to adaptively reuse interesting buildings to provide a strong sense of belongingness and meet consumers' expectations. Specifically, laundry service could be provided by budget hotels to customers, while five-star hotels could offer affordable laundry services. Kitchen service was also a key element for users' decision on Airbnb. Current hotels could not possibly provide kitchen service; however, three- to five-star hotels could offer affordable in-room dining and stay-and-dine packages. At present, family travelers usually use Airbnb service to avoid booking two rooms (e.g., separate bookings for two adults and two kids). Hence, hotels might consider providing affordable packages for family stay. In the United Kingdom, Premier Inn offers children under 17 years old free stay by adding two extra mattresses on both sides of the main bed. Premier Inn also offers the same deal for breakfast service; that is, each paying adult can bring a kid under 17 years old. Some four- and five-star hotels could offer in-room tents with bedding for kids as well.

Although customers did not request high standards of facilities or decoration from Airbnb accommodation, they appreciated a comfortable living environment. When staying in a star-rated hotel, they had high expectations for the quality of service. However, hoteliers recognized the authentic local experience as the primary factor that affects Airbnb users by meeting their social requirements and comparing their evaluations of their traveling experience, but lack awareness of other important factors, such as unique decoration and

special facilities (Moon, Yoon & Han, 2017). Together these results suggest that marketers can reconcile aspects of authenticity in their future marketing plans.

Distinguished from authentic experience, this research reveals that traditional hotels can enrich the cultural experience of tourists by enhancing staff training. As local experience and social interactions are important elements that Airbnb could provide (Tussyadiah & Zach, 2017; Fan, Zhang, Jenkins & Lin, 2017; Fan, Zhang, Jenkins & Tavitiyaman, 2017; Lin, Fan, Zhang & Lau, 2019), the Airbnb operators could emphasize this advantages by utilizing their social resources meanwhile standardizing local information for users. Certain actions in digital marketing should be taken. Accommodation selection might depend largely on online reviews and recommendation, and the consumption mode of customers might be transferring to mobile shopping. Thus, effective online interaction with customers could be conducted as an intangible asset, and efficient marketing strategies could be implemented on mobile phones.

Users' stay in Airbnb was also determined by their purpose of travel and companionship. However, few studies have focused on this component. Purpose of travel and companionship was perceived as a particularly noticeable factor in the accommodation decisions of consumers traveling with their families or friends. Accommodation providers are encouraged to develop two-way communication systems to update customers' information and integrate their positioning with target customers' travel purpose and mode.

This study identified the attitudes on the legal issues of Airbnb operation as perceived by all stakeholders. Airbnb users would stay with Airbnb regardless of its legality because it could provide a wide range of accommodations as an alternative service. However, users supported fixed regulations to protect the benefits of personal safety and social security. In terms of Airbnb hosts, safety checking and user registration systems were required for their operation. Hotel operators, who are outsiders of P2P accommodations, realized that Airbnb development is inevitable in Hong Kong. However, the high density of Hong Kong population makes the P2P accommodation service even more difficult to be accessible. This finding highlights the density of a destination can affect the development of P2P accommodation service which has not been discussed in any studies before. Considering the limited housing resources, potential risks, and cultural differences, many practical and feasible actions should be investigated by Hong Kong policymakers, such as a well-developed registration system for Airbnb hosts and users and strict safety checking but with lower standards.

Furthermore, local policymakers may consider opening a certain area where has a low density of population. Airbnb could present the same economic benefits as traditional tax-paying hotels but exhibit a different profit distribution. Policymakers should exanimate all feasibilities to provide a comprehensive public policy for fair competition in the market. With the rapid expansion of the sharing economy, the potential safety risks from Airbnb operation might lead to serious problems, such as accidents, injuries, and crime. A heavy burden could

be imposed on the government and the image of Hong Kong as a global tourist destination. Hong Kong should provide a safe and full cultural experience to ensure its positive image.

Limitations and Future Study

This study has certain limitations that could offer opportunities for future research. The first limitation is the background of the participants. All the participants were Chinese, and the study was conducted in Hong Kong, which might not represent other parts of Asia. The second limitation is the use of qualitative approaches that could not represent the entire target population. This study conducted face-to-face and phone interviews to obtain information on the views of the three stakeholders. The interpretation of these views might bias responses, and not all participants were equally articulate and perceptive (Creswell, 2009). This study highlights the density of population can affect the development of P2P accommodation service which can be further investigated in high-density cities, such as Toyko, London, and Shanghai. The last limitation is language barriers and translation. Fieldwork for this research was conducted in Mandarin, Cantonese, and English. Language barriers and translation limitations might arise because all the researchers are non-native English speakers. By the current findings, a quantitative approach could be considered in the next stage of this study. This study was conducted in Hong Kong where the government only promotes legal guesthouses. Therefore, a destination where Airbnb is considered a legal operation, such as Japan, should be explored in the future.

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