

# Airbnb in China: The Impact of Sharing Economy on Chinese Tourism

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**Abstract.** Today an increasing number of young people are likely to book homestay hotels instead of traditional hotels. We find Airbnb is one of the most popular websites in China to reserve homestays for young people traveling abroad. Since the company's headquarters is based in San Francisco, we find it is not well-known in China and little research has been done about it in China. Therefore, this paper addresses how Airbnb can influence Chinese tourism. We use mixed methods in this paper, including surveys, interviews and ethnography studies. We conduct semi-structured interviews to travelers and Airbnb employees. We carry out surveys to participants. The surveys have been posted both on the internet and in print. Ethnography studies have been conducted in order to get detailed information about customers' usage of the website. We find that 59.05% of the participants prefer to live in starred hotels, and 49.52% of the participants prefer to stay in budget hotels and 18.1% of the participants used Airbnb. We find out that interviewees believe that the emerging of sharing economy like Airbnb does influence or will impact the traditional hotel industry. Some participants expressed their preferences about the website design and the work environment of Airbnb. Our ethnography studies also investigated four Airbnb customers' travel experiences about using Airbnb website. They reported that Airbnb not only offered them diverse rooms, but also offered them good accommodation, lots of travel information and help from landlords. However, trust issue still is a big concern between customers and Airbnb.

**Keywords:** Sharing Economy · Human Factors · Website Design · Culture

## 1 Introduction

As the development and growth of Chinese economy and the increase of per capita living standards of Chinese people, the whole entertainment industry become increasingly prosperous. Travel industry is one of the most important and typically part of all the entertainment industry. Because of this, the travel industry of China attracts many foreign enterprises, which want to make profit and expand their international market in this country. This paper studies Airbnb China, one of the most famous home stay facility company in China. We aim to discuss the influence about Airbnb in Chinese tourism market. Via data from surveys, interviews, and ethnography studies

we try to analyze their website design and user experiences. We also analyze the data from two perspectives: Sharing economy and Human factors.

## 2 Related Work

Since Airbnb was launched in China, it began to influence the development of tourism market in China. The whole idea of the Airbnb business and service was based on the theory of “Sharing economy”. This theory changed the old traditional hotel industry. Researcher have studied the impact of sharing economy such as Airbnb in cities and countries. Few studies have been done to investigate how Airbnb impacts Chinese tourism.

Researchers studied the relationship between hosts’ profile and customers’ trust level [4]. They found that longer description in host’s profile can perceived more trust from customers. Also Byers et al. stated Airbnb’s business model is based on trust between host and guest, and they also encourage guest and host should communicate with each other in terms of the room’s possessions [1]. In addition, parts of participants also think house or room is a private place.

Fradkin et al. studied customers’ reviewing behaviors [2]. They found out that most reviews were informative. The data showed that reviewers were likely to have positive experiences while non-reviewers were likely to have worse experiences. They also explored how to improve the design for reviews.

Lee et al. analyzed four thousand room data, aiming at investigating which features are more important for Airbnb business [3]. They found not only price and amenities are important features, the response of hosts, the count of Wish List, the number of reviews, and the membership seniority are also important for the Airbnb business.

Zervas et al. found that Airbnb impacted the business of low price hotels and non-business hotels [5]. They also found that these affected hotels took related strategies such as lower price, which benefits all customers. They stated that sharing economy has been successfully competed with tradition hotel companies.

In summary, even though researchers have studied the impact of sharing economy such as Airbnb in different countries and cities, there are few research conducted about Airbnb in China. These research have studied the trust issues and user experiences of Airbnb customers. We aim to find out how Airbnb impacts Chinese tourism and how customers interact with the website and their trust concerns.

## 3 Methodology

We designed a mix methods of surveys, interviews, and ethnography studies to gain a deeper understanding of the impact of Airbnb on Chinese tourism. Surveys have been sent to college students. The purpose of these surveys is to investigate how the service of Airbnb has influenced participants and its popularity among young people. Our research aimed at identifying how this emerging application has improved lives and the industry. We also investigated participants’ attitudes toward this new online culture in China.

We interviewed two groups of participants: tourists, and Airbnb employees and customers. There are two advantages of these two groups. First, it's easy to organize the interviews if we decide the participants into two groups. Second, we can get different answers from different perspectives.

Our ethnography studies observed how Airbnb customers interact with the website. We recruited four participants starting last year. We observed who they use the Airbnb website and let them describe their experiences with Airbnb. The purpose of the studies is to investigate how Airbnb satisfies different customers' diverse needs.

## 4 Results and Discussion

### 4.1 Survey

Our survey data showed that 59.05% of the participants prefer to live in expensive hotels, and 49.52% of participants prefer to stay in budget hotels. Our participants report Airbnb does not have much advantages on price in China. Even so, 18.1% of the participants used Airbnb. It is likely to be the reason that young people enjoy new things. Airbnb is a new way of accommodation for them. Another reason tends to be the fact that they can get to know some local cultures and receive accurate information about tourists' routes from hosts. Local people always know the appropriate information, for instance, what is the most interesting places and what is important for travelers. Meanwhile, 48.57% of the hosts think if they have extra houses or rooms, they would like to join Airbnb. They are able to have extra income while they can make new friends with tourists. Comparing with other people's labor work, through this way they can earn money much easily. However, there is an untrusting relationship between hosts and tenants. Fifty four percent of the participants will not join Airbnb if they have extra rooms in their houses. They think tourists will damage their furniture's. Therefore, rental house resources are scarce on Airbnb in China.

### 4.2 Interview

The results of the interview study showed that the employee from hotel industry believed that the emerging of sharing economy- Airbnb has influenced or will impact the traditional hotel industry. The interviewees preferred Airbnb's website design and work environment.

Since August 2015 Airbnb announced their business in China, it has been two years. In the past people who traveled around China had no other choices but to stay in local hotels. Airbnb offers them a second choice. Interviewee One was an employee who used to work at Airbnb China. He believed that Airbnb influenced traditional hotel industry.

*In my opinion, the home stay facility service of Airbnb already have certain extent influence to Chinese traditional hotel industry. Because this is a new service, a lot of young people who don't want to follow the old step or the people used to have bad experience, Airbnb is their best choice to choose, at least they think it's a worth to try. (I1)*

Interviewee Three has worked at top hotels for one year. She does not think the Airbnb service will influence the traditional industry. But she admits that she is not quite sure that in the future Airbnb and other home stay facilities will impact the hotel industry or not.

*I think the home stay facility or the service of Airbnb still cannot impact the profit of the traditional hotel industry in China. First, because in peak tourist season our hotel can not satisfied all of the tourist, Airbnb attract the tourist that we can not satisfied; Second, there are some people who don't want to stay in hotel, and they are not our customers, so Airbnb can attract this group of people are also not influence our profit. (I3)*

From the interviews of hotel business employees we found that the business expanding of Airbnb in China attracts more people's attention and curiosity to this foreign company, not only because of their new service but also due to the work environment. Interviewee Two, a student who used to study hotel management in United States, is looking for an internship right now. She does not like the way that traditional hotel doing business. Now she wants to work in Airbnb China because she believes Airbnb influences Chinese tourism.

*Even though it's still not reached the degree of "impact", and there are lot of things they need to be complete, Airbnb is still shake the system of the China hotel industry, they not only offered tourist another choice, but also offered a new thought. (I2)*

Interviewee Four, who graduated from an American university, hold special feelings to Airbnb after she did her internship at Airbnb. Many of her family members work in traditional hotels in China.

*I used to do internship in Airbnb, the first time that I went to their company, I think this is really a fancy building, everywhere and every corner in Airbnb's office building decorated luxury, the first thing you entry the door you can see the model of the fancy house all over the world. (I4)*

Interviewee Five used to work in hotel industry for five years. She used to visit the Airbnb office building and she think it is totally different with any other hotel's office building, she think Airbnb's office building is full of life.

*I think the Airbnb's work environment is quite different from other hotel company. I used to work in several different hotel in China, and the most impressed thing for me is each of their conference room have different decor themes, such as Shanghai theme, Paris theme, Washington theme... and some decor theme of the room is exactly the same as the room that been rented. (I5)*

Interviewee Six got his master's degree in Sweden, and now lived in Tokyo. He shared his experience about the different of work environments between Airbnb and Chinese hotel companies.

*When I finished my master degree in Sweden I found a job in Airbnb Japan. Because my aunt was a manager of a famous hotel in China, when I was a little boy I usually went to her office to found her. The style of her office and the Airbnb office is totally different. Airbnb is not like an office, its like a leisure cafe or indoor small parks. The designer of this office building put many scenes of ordinary life scenes in the office, create many different the scene office space, such as living room style, private mini meeting room style and corridor coffee shops style. I found the characteristics of the work environment of Airbnb is everywhere is public space, the designer of this building seems want to create a neighborhood atmosphere. (I6)*

The interviewees discovered Airbnb did a lot of research about China hotel industry. They pointed out that even though Airbnb's cultural background are totally different from the hotel industry in China, it refuses to become one of the traditional hotel companies. They have done many things on purpose to advertise their company and their service. Interviewee Seven used to work for one famous Chinese hotel company for four years, and now she works for a British hotel company.

*I think Airbnb is a company that focus on the design, this is very different from other hotel company. My friend send me the picture of the wall in Airbnb office building, it's full of the history of their new logo design history, there are many designer in Airbnb even more than the engineer. (I7)*

Interviewee Eight was a loyal customer of Airbnb before the company expanded their business in China. When Airbnb China was launched, he got the internship from Airbnb and now he is already a formal employee at Airbnb China.

*Everyone know Airbnb is a famous America company, but even no one compare Airbnb and Chinese hotel company. Since Airbnb was in China, everyone started to compare this company with the traditional hotel service, Cheaper, more friendly, fashion, those are the key words when people ask you the different between the Airbnb and other hotel company in China, and as a employee of Airbnb China, I love this kind of comparison, people in China, especially young generation, they love something different, something special, which can made them unique. We are in purpose to mention our difference with other hotel service. (I8)*

Interviewee Nine has worked in a Beijing hotel company for 12 years. He thinks the fact that Airbnb, as a new company in China, keeps mentioning their differences from China traditional hotel companies is quite a good idea. But it is not a good strategy for long run.

*I work in this business for such a long time, and there are many new hotel company joined into this industry, they have different way to advertise their service and business. Airbnb was one of the most unique one that I ever seen. Their service is totally different with any other hotel company in China, as a hotel manager, I have complex feeling about it. On the one hand I think their business will influence our profit, but on the other hand, I think this is a good thing, maybe Airbnb can be the one change the old traditional system of China hotel industry. I pay close attention to this company already for a while, I also heard some negative report about their business, I think if they keep mention their differences but stop complete their website system and service, after a period of time people will think Airbnb's differences is not represent good differences, but bad differences. (P9)*

Interviewee Ten is an economic professor working in an America university, and he is also a travel enthusiast. He said the service of Airbnb and other homestay service is a very normal thing, it will happen one day.

*As we know, the year that Airbnb was established at 2008. And that time the whole world just experienced the economic crisis. Everyone suffered from this disaster, Airbnb's idea was let people in this difficult situation, use less money to rent house to enjoy the journey. And at the same time, it can also let the people who have extra house or room to earn some profit at this difficult time. It was the main idea of the Airbnb service, and also the best example of the theory of Sharing economy. (I10)*

From customers' point of view, the most intuitionistic way to see the influence that Airbnb brings to the China hotel industry is sometimes Airbnb cannot satisfy tourists' high demand for the house renting. Interviewee Eleven is a student. She has used Airbnb to book hotels for six months since 2016. October 2016 she decided to visit DaLi, but all the hotel room on Airbnb was fully booked. She had to use other hotel application to book the hotel.

*I first time found out that Airbnb is so popular in China. To be honest, I am a little worried about it, because I am not sure that if that mean they are going to increase the price, or their service will decrease. (I11)*

The popular of Airbnb made more people want to know something more about this company, Airbnb allowed tourists to visit their office. Interviewee twelve shared his experience about this visit.

*The first thought when I came into the office is, is this really a hotel company? The room looks very fashion, and different room have different style! I kind of regret why I didn't work for this company! (I12)*

The interviewees expressed that even though Airbnb just has expanded their business in China for only two years, they try to instill their opinion, they style, and their company culture to their customers. Interviewee Thirteen lived in a family in which many of her relatives work in China traditional hotel companies. She already gets used to the old style of hotels and she does not think changing this industry is a good choice. But since Airbnb got into China, she started to change her attitude.

*Because many of my relative work into China hotel company, when I heard Airbnb expanded their business in China I felt not happy, why this America company come to China? When I travel around, I still use old way to book hotel, but since many of my friends use Airbnb, I become curious about this company. Then I try to booked the hotel from their website. To be honest, the room was just like the website showed, and the service is more friendly than other hotel company in China. Since that time, I started to use their service to book hotel, and visit their office building to know something more about this company. Now my attitude is totally different, I know it was Airbnb want me, to know more about them, but I cannot refuse, because there have a better choice, why should I refuse? (I13)*

Airbnb China not only attracts more customers' attention, but also attracts groups of people who want to rent their room to Airbnb's website. Interviewee fourteen rent his house to tourists via Airbnb's website.

*I lived in a place which is very famous in China, and every year there are many people come to visit. I have two house, I really want to rent one to make some money, but local people don't need to rent the house, and I am also not trust the tourists that much. But when I heard Airbnb this company, and find more information about this company, I thought perhaps it's worth to try to rent my house to tourists through this company. Actually, it was good. I think it's not only good for tourists and me, but also good for the Airbnb. I started to trust this company, and also started to trust tourists. (I14)*

### 4.3 Observation

Since the Airbnb announced they would expand their business in China, there has been groups of people becoming Airbnb's China customer. We observed five participants for over a year on how they interact with the website and service. These ethnography studies offer us detailed information about how the customers use Airbnb in their lives.

Participant One is a graduate student from a Beijing college. She used to use the Airbnb's website for a year from 2015 to 2016. Every time she ordered the residence on Airbnb China's website. She told us the Airbnb's website is the website that she loved most. On the top of the website it asks you to type the location, time and number of people, and the following content is through different catalog to find more information satisfied your specific demand for the residence. She said this website design can satisfy different groups of people: people who want simple process and people who want specific order. And for her personal experience every time she ordered hotel service, she would use different catalogs to know something more about the place she traveled. After one year use of the Airbnb's website, she also got more information about some famous place's reviews, including food and cultural information.

The experience she shared was in 2015 summer she planed went to London because she just graduated. She just wanted to go to London, but she had no idea if she could find the famous place or the food suitable for her taste. Then her friend told her she could find all the information from Airbnb, and that was the first time she knew this company. When she accessed the website, she found out the website design was very clear and concise. She followed the step to choose the day that she wanted to leave, and she started to pick the hotel. She said it was the first time she found out there were so many styles of hotel rooms that she could choose, more than she could imagine. The designer of the Airbnb website also showed the map on the right side, in order for her to find the most convenient place for her schedule. She expressed that for the people who have no idea about where to go and no information about anything, the website also shares other tourists' experiences, food or place recommendations. They also exhibited lots of pictures. Because of the Airbnb, her graduation trip was great. She not only visited Buckingham Palace, Tower of London, Royal Greenwich Observatory and Saint Paul's Cathedral, but also visited many restaurants which offered delicious food, such as Palm Court at The Langham, Terry's Cafe, Orrery and The Bull Steak Expert. And that great experience was the first time she started to love this company and their service.

Participant Two worked in a famous international company Beijing branch for five years. He became an Airbnb China's loyal customer since one year ago. He thought through his experience, expressing the reasons that made him become the loyal customer of Airbnb. That was because the picture that showed on the website is completely the same with the real hotel room. He used to travel around many different places and booked hotels on many different websites. But Airbnb was the first one which didn't make he disappointed.

May 2016 he prepared to go to ShenZhen China to attend a conference. But because it was the hot season for travel he cannot book the hotel that he used to stay. That time he just found the news of Airbnb China, and then he thought perhaps he should try something new. The first thought when he opened the website was there

were so many different types of rooms, but he was not so surprised because he has already experienced lots of similar situations. The picture from the websites have huge difference with the real rooms. And when he arrived at the hotel he booked, he still remembered the moment when he first came into the room. He said he was shocked by the room, because it was totally the same with the website picture. And the price was much lower than he used to pay. He said since that day, he didn't use any other hotel company's service.

Airbnb expands their business not only focusing on website design but also on their service. Participant Three was still a student studying in a college. She has used Airbnb's service for almost one year since 2016. She said every time when she traveled to somewhere new, she would use Airbnb to book residence, because landlords were always friendly, and would love to introduce the information of this place. She is familiar with many places' food, famous scenic spots and local cultures just because of enthusiastic Airbnb landlords.

She said she has used Airbnb to book hotels in three different places in China, such as LiJiang, ChengDu and NanJing. And every time she can always meet friendly landlords. When she stayed in LiJiang, the landlord introduced to her a famous restaurant for local people, which meant there were not so many tourists there. The price of the food was also cheaper than other restaurants. When she stayed in ChengDu, her landlord knew she was not familiar with the city, so offered her information about some famous places, showed her the famous Hotpot restaurant, and taught her some ChongQing local language. When she stayed in NanJing, she was sick because she could not adapt to local weather. Her landlord bought her some medicine and took her to the hospital, and when she leaved the city landlord refused to accept the medicine cost. She said, she thought the meaning of travel is know something new, feel the new culture, meet some new people, that was the reason she always chose some place that she has never been to. The experience with the Airbnb landlords made her start to love this company, because only this company's landlords bring her all of these warmth and love.

For a company just expands their business in a new market, there are also something that needs to be changed and completed. Participant Four is 32 years old and works in a bank in Beijing. She has used Airbnb for 6 months. During this period she used Airbnb to book hotel three times. However, the last time brought her a bad experience. When she ordered the room online, she already paid it. But when she arrived at the place, the manager of the hotel said he didn't receive any order, and other rooms in this hotel had been all booked.

"I felt so angry and helplessness that time," she said, "I have already paid for the rental fee and the website displayed the order was successful." Then she called the customer service of Airbnb, the customer service told her there was no history about her trade in their system. But they said they would try their best to fix this problem. "Then I wait for one hour. But after that, the customer service still did not fix my problem," Participant Four said. After that, even though she still keep traveling, she never used Airbnb to book residence.

## 5 Conclusion

Airbnb is an example of the booming sharing economy happening around the world, including China. It offered customers to book homestay hotels online. Our findings indicate that it begins to influence Chinese tourism, bringing some changes to this industry in the country. Our data also show customers' opinions about its design and trust issues. Consumer confidence is the important part for business. We will try to explore more Airbnb reviews to get broader data about the impact of it on Chinese tourism.

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