Stakeholders' Views on Travelers' Choice of Airbnb

Abstract

This study investigated the views of travelers' choices of informal accommodations, Airbnb in Hong Kong from the perspectives of three stakeholders. A qualitative approach was applied, both interviews and focus group discussions were conducted. A total of 69 participants shared their views on why users choose Airbnb over traditional hotels. The findings highlighted that hoteliers and Airbnb users presented different rankings on the determinants of accommodation choice. The implications of the destination image and the population density were discussed. The findings of this study can serve as a reference for any city/ country where has a similar cultural background and population density.

Keywords: Hong Kong, Airbnb, determinant, informal accommodation, sharing economy, local experience, legal issue, tourist marketing, population density

Introduction

The sharing economy has dramatically changed the behavior of consumers toward traditional services (Countries, 1990) and significantly influenced service marketing and management. With the increasing demand for short-term rentals in tourist destinations (Quattrone, Proserpio, Quercia, Capra, & Musolesi, 2016), Airbnb, which is an informal accommodation service platform, has changed travel patterns by lowering accommodation costs and providing unique social encounters and values mentally and physically (Cheng, 2016b; Tussyadiah & Pesonen, 2016). Airbnb customers typically evaluate extrinsic and intrinsic attributes simultaneously prior to purchasing (Tussyadiah, 2016; Varma, Jukic, Pestek, Shultz, & Nestorov, 2016). Generally, they consider the 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.

Airbnb 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 sharing economy trend may present 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 accommodations has become a crucial issue for the traditional hotel industry.

Numerous studies have indicated that the successful management of hospitality services lies in understanding customers' decisions (Smith & Rupp, 2003; Verma, Plaschka, & Louviere,

2002). Consequently, accommodation operators should consider their customers' preferences and decisions when providing products and services. However, informal accommodations may gain more competitive advantages than traditional hotels owing to differences in taxation and regulations (Abelmazovs & Engström, 2016; Jonas, 2015; Sablik, 2014). Customer demands and market supplies change over time; however, regulations do not adapt to change (Quattrone et al., 2016). The sharing economy disregards laws designed to protect consumers, thereby putting customers at risk (Pizam, 2014; Sablik, 2014).

According to Harjani (2015), Hong Kong is the second most costly city to visit, with hotel room prices ranging from USD 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. Hotel customer reviews revealed a distinctive difference in terms of their quality of stay and their experience of Hong Kong as a metropolitan destination for the same price range of USD 80 per night for rooms from Airbnb and Booking.com (Table 1).

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

Although within the similar price range as Booking.com, the Airbnb platform stands out because of its advantages and niche market by serving travelers 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). In contrast to formal accommodations offered by the hotel industry, Airbnb values local authenticity by encouraging hosts to share their spare rooms and gain extra income in the process. At present, no study has focused on the effects of Airbnb on the Hong Kong tourism industry. According to Barclays' report, Airbnb has affected hotel room supplies by 17.2%, 11.9%, and 10.4% in New York, Paris, and London, 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. Indeed, a city that provides a secure travel environment can provide travelers with confidence to stay. However, unaffordable hotel prices and poor-quality accommodation services 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 factors that influence the growth of the Airbnb platform can help Hong Kong tourism stakeholders formulate future policies to develop of the accommodation sector and to build a positive destination image.

Hong Kong is a popular travel destination in Asia. Thus, raising awareness of Airbnb's operations and implications on various stakeholders of the tourism industry, especially the accommodation sector and the tourism board, is important in this city. Companies under the sharing economy, such as Uber (unlicensed taxi service) and PlateCulture (unlicensed private

kitchen), are 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' decisions on Airbnb as perceived by Airbnb users, Airbnb hosts, and hotel operators in Hong Kong. In addition, it identifies legal implications from the perspectives of the three stakeholders and proposes feasible suggestions for future policy considerations and research direction. This study aims to achieve 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 Airbnb operations;
- to suggest ideas 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 that 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 make a profit in return (Nica & Potcovaru, 2015). Airbnb increases functions on its platform, such as public reviews and photo identification, to establish trust between hosts and users (Guttentag, 2015).

Cheng (2016b) categorized the impact of the sharing economy on tourists into three themes, namely, social, behavioral, and membership. 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 numerous 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 destinations can benefit from these exposures (Tussyadiah & Pesonen, 2016). Guttentag (2015) illustrated other Airbnb benefits, such as low prices and providing useful local advice, complete kitchens, and authentic local experiences. 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 with high levels of cultural capital can benefit largely from this form of sharing economy (Cheng, 2016b).

The rise of Airbnb has revolutionized the use of traditional housing as temporary hotels (Jonas, 2015). This phenomenon presents several benefits, such as supply flexibility, a wide range of options, and the 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 its low environmental impact (Oskam & Boswijk, 2016). Meanwhile, the sharing economy enhances 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 undergo proper fire and safety checks. In addition, transient occupancy is illegal and unsafe (Jonas, 2015) because Airbnb does not take responsibility for the listings provided on its platform (Lehr, 2015). The lack of regulations has given startups an unfair advantage over highly regulated incumbents (Jonas, 2015).

According to Guttentag (2015), Airbnb insignificantly impacts traditional accommodation providers. However, several researchers (Heo, 2016; Oskam & Boswijk, 2016) have emphasized that Airbnb has become a market leader by disrupting the traditional hospitality industry and creating conflicts among different tourism stakeholders. Low-end hotels have 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 lawmakers to its illegality, crimes, and security mechanisms (Guttentag, 2015). Over 72% of Airbnb transactions are illegal under existing laws (Varma et al., 2016). Airbnb has gained an unfair advantage over traditional services owing to the differences in taxation and regulations, thereby putting customers at risk (Abelmazovs & Engström, 2016; Sablik, 2014; Varma et al., 2016). Thus, economic stimulus and safety should be considered in regulating the sharing economy (Nica & Potcovaru, 2015).

Airbnb Users

Airbnb is a low-cost alternative to traditional hotels that enables travelers to select destinations, trips, and tourism activities and offers unique local experiences (Tussyadiah & Pesonen, 2016). This platform provides 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, price, product or service, and word of mouth. Heo (2016) emphasized that sustainability, community, and economic benefits are the main motivating factors for users 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. Accommodation reviews, descriptions, and images also influenced guests' decision making 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 interactions and

relationships with the host may significantly affect the perceived value and satisfaction of P2P sharing services of tourists (Heo, 2016).

The sharing economy has dramatically enhanced people's mobility with regard to their choice of destinations, community facilities, and infrastructure, integration of online and offline behavior, and potential length of stay (Cheng, 2016a). 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 experience the risk of landing in a dingy, grimy, and odorous lodging facility with lumpy mattresses and unwelcoming hosts (Pizam, 2014). The lack of optimal insurance may risk users and their intermediaries to suffer moral hazards (Weber, 2014).

Airbnb Hosts

Space sharers on Airbnb are regarded as hosts, most of whom are employed or self-employed and highly educated (Forno & Garibaldi, 2015; Oskam & Boswijk, 2016). Hosts attract their targeted groups of users by using diverse price strategies and offering unique and enjoyable guest experiences (Ikkala & Lampinen, 2015). Ikkala and Lampinen (2015) divided hosts into (1) those renting out separate lodgings to guests and (2) those sharing their apartments with guests to achieve the desired amount of sociability. Meanwhile, Forno and Garibaldi (2015) classified hosts into (1) those with well-defined lifestyles and interests, (2) those who believe in environment-friendly tourism, (3) those who enjoy organic foods, and (4) those who advocate fair trade products. The authors further suggested that trust, open-mindedness, inventiveness, enthusiasm, and flexibility are essential aspects of connecting Airbnb hosts and users as an alternative form of tourism (Forno & Garibaldi, 2015). The trustworthiness perceived by customers originates from the photos and reputations of the hosts (Ert et al., 2016). The platform function of reviewing guests provides hosts with options to choose and comment on their guests (Ikkala & Lampinen, 2014). Hosts and users can choose to be either generous or at least wary, because they can openly review each other, thereby mutually building 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) creating intriguing and rewarding ways of meeting interesting people with diverse cultural backgrounds, (2) pleasant sociable interactions with guests, and (3) establishing host-guest relationships. Dollberg, Shalev, and Chen (2010) and Pizam (2014) argued that financial return, spare space reuse, and social interactions 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 substantial income (Ikkala & Lampinen, 2014, 2015).

However, hosts of Airbnb accommodations can likewise be at risk. For example, users may damage or vandalize properties, act inappropriately, or upset the families and neighbors of their hosts (Pizam, 2014). Moreover, insurances covering the injuries and deaths of hosts and

guests are limited (Lieber, 2014). Airbnb has difficulty negotiating liability coverage because insurance organizations require large accumulated data over the years (Lieber, 2014).

Hotel Operators

Unlike businesses and individuals that benefit 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, frequencies, and variations, star ratings, and price significantly influence the accommodation choices of tourists. Airbnb distinctly provides a wider variety of products and services at affordable prices compared with hotels (Zervas et al., 2014).

According to empirical research, Airbnb poses a quantifiable negative impact on the local hotel industry, especially on 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 those 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- and mid-range hotels are adjusting their marketing strategies to compete with Airbnb, a few traditional hoteliers do not regard Airbnb as a significant disruptor or competitor in the hospitality industry (Varma et al., 2016).

A few hotels have reduced their prices to compete with Airbnb, which is a practice that damages hotel revenues 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 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. Thus, the current study aims to comprehensively evaluate the current trend of Airbnb operations in Hong Kong. The findings of this study could guide future policy recommendations in the accommodation sector, which could be beneficial to the development of the Hong Kong tourism industry.

Methodology

A two-phased sequential, exploratory, and mixed-method approach was applied in this study. Phase one involved literature review and content analysis, and phase two involved focus group discussions and interviews. The determinants of users' decisions on Airbnb by

different stakeholders as well as their perspectives on its legalization were obtained from the two phases.

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

Since the Airbnb operation is considered aPurposive sampling and snowball sampling techniques were applied in phase two by inviting three key stakeholders, namely, Airbnb users, Airbnb hosts, and hotel operators, to participate in separate interviews. A qualitative approach was used in this study owing to the limited studies comparing the views of the three key stakeholders in using Airbnb as an alternative accommodation choice. This approach allowed the exploration of the Airbnb development phenomenon in the tourism industry (Lin 2018). The ease of gathering Airbnb users enabled the recruitment of participants for two focus groups and 25 individuals for in-depth interviews. Each focus group consisted of 12 participants with one facilitator to moderate the process (Brotherton, 2008). A total of 39 Airbnb users participated in the focus group discussions and one-on-one interviews. In addition, 15 Airbnb hosts and 15 hotel operators participated in individual interviews during this phase. Semi-structured interview questions were used to identify the effects of Airbnb on each sector.

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

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

- Airbnb operators were invited to discuss the perceived determinants of Airbnb users' decisions 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' decisions on Airbnb and its long-term effects on Hong Kong's tourism industry.

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

Data Analysis

All focus group discussions and one-on-one interviews were transcribed in phase two. NVivo was used to code all the data into two major themes such as determinants of users' decisions on Airbnb and its legalization. The coding helped to 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. A total of 522 text units produced a theme of the most important factors in users' decisions on Airbnb as perceived by the three stakeholders. Salient points were determined 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 the two phases.

Findings

Table 2 illustrates the demographic profiles of the interview respondents, the ratio of female in these three groups are users 79%, host 53% and hotel operators 29% respectively. Most of the respondents were middle-aged. Approximately 70% of the Airbnb users and hosts were between the ages of 26 and 45 years old, whereas over 40% of the hotel operators were also within this age range. The marital status of the Airbnb users and hosts presented a balanced distribution between married and unmarried. By contrast, most hotel operators were managers in the industry. Most interviewees were well-educated, with nearly 90% possessing university education qualifications or above. The monthly income levels of the Airbnb users, the Airbnb hosts, and the hotel operators were mostly over HKD 10,000, HKD 20,000, and HKD 70,000, respectively.

**Insert Table 2. Demographic profiles of interviewees (N = 69)

Perceived Determinants by the Three Stakeholders

A total of 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' decisions on Airbnb as perceived by users, hosts, and hotel operators. The perceived determinants by the three stakeholders are listed in Fig. 1, and the ranking of these determinants is 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 the factors on facilities, space, and decoration compared with Airbnb hosts (16%) and hotel operators (9%). A couple of focus group members stated that they enjoyed 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. Numerous 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 kitchens and parking spaces, are the main determinants of travelers' decisions 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 for this finding was because the definitions of facility, space, and decoration of Airbnb hosts and hotel operators differed from the requirements of customers. Hosts probably underestimated the importance of facilities, whereas hotel operators were overconfident with theirs.

b. Price

Airbnb users (21%) gave the second highest weighting among all the factors on price, compared with Airbnb hosts (17%) and hotel operators (17%). The cost of staying in Airbnb is generally lower than that of staying in hotels. Price was also a key determinant for Airbnb users, especially when the hotel cost was high in a particular city and the length of stay influenced their decision making. Price received the second highest weighting among all the factors from Airbnb users and hosts, whereas it received the third highest weighting from hotel operators. This finding supplemented the results of Nguyen (2014) and Heo (2016) who stated that price is the main motivating factor of customers' decisions 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 nearly identical. Users preferred the Airbnb service for leisure trips with family and friends. One 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 among users' decisions on Airbnb. Users gave the , weighting to the purpose of travel and companion among all the 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 had 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 the factors, at 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 lifestyle, 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 a convenient location with the fifth highest weighting (13%) among all the factors, compared with hotel operators (3%) and hosts (1%). Convenient location received much attention because of transportation methods. When users rent a car, location was not as important as the other factors. However, convenient location became a key factor to users without a car, especially for family travelers. One user (U15) commented that convenient location included closeness to public transportation and the safety of a particular area. These findings supported those of Varma et al. (2016) who stated that location is an important determining factor of customer's final choices. Airbnb hosts and hotel operators provided 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 hotel operators (8%) and hosts (4%). The majority of the users relied on reviews for their decisions. According to a user (F1), a few Airbnb accommodations presented beautiful photos on the website; however, negative reviews can affect their image. Moreover, if a particular destination featured well-developed informal accommodation services, then users were likely to choose that instead of hotel accommodations. This result was supported by Ert et al. (2016), Ng et al. (2016), and Varma et al. (2016), who reported that accommodation reviews on a website, such as review ratings and frequencies, largely affect the hosts' reputation perceived by the users and the users' decisions on vacation plans.

g. Well-developed platform and other technological developments

Airbnb hosts and hotel operators admitted the noticeable influence of the platform and other technologies on users' decisions. By contrast, Airbnb users did not comment on this factor. An Airbnb host (U14) stated that the user-friendly function of the platform attracts numerous customers. Oskam and Boswijk (2016) also indicated that Airbnb provides smart interfaces, leveraged assets and empowered autonomous works, and authenticity of P2P contact between hosts and users.

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

Numerous choices and channels for accommodations were regarded by hotel operators as important factors affecting customers' decisions 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 the 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 compared with hotels. However, no view on this factor was obtained from the two other stakeholders. A few of the managers who were interviewed emphasized that customers could find what they wanted because thousands of accommodation listings were provided on the platform.

**Insert Table 3. Rankings of determinants

Similarities and Differences of Determinants

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

The gap in the 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 decisions of customers. Further analysis was conducted in the current study to enhance the consistency between customer demands and the offerings of accommodation operators (Fig. 2).

The perceived determinants of similar rankings by the three stakeholders were *price* and *online reviews and recommendations*. 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 recommendations*. Thus, these similarities and differences should be considered in customers' decisions and accommodation operators' marketing strategies.

**Insert Figure. 2. Perception gap

Perceptions of Legalization

Legality is a controversial theme during the development of Airbnb (Guttentag, 2015; Varma et al., 2016). Given that users play a key role in the success of Airbnb, their attitudes are 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 the Airbnb users would decide depending on accommodation destinations and reviews, whereas 36% of the users would ignore this factor. Furthermore, 26% of the users continued using Airbnb regardless of its legality. These findings reflected that customer preference was based on a safe environment and accommodation reviews, which supported the notions by Ng et al. (2016) and Weber (2014). In addition, these findings also reflected on the destination image. One user specifically mentioned that, "Japan is a safe country to travel to. Regardless of whether Airbnb is legal or not, I will still choose this unique travel experience" (U8). From industry perspectives (H12), the population density of Hong Kong is relatively higher than most other cities. The lack of fire and safety checks puts sharing accommodation services at risk, which can consequently impact all stakeholders. Maintaining destination image requires much collaboration among all stakeholders. Thus, in the event of an unfortunate incident occurring in Hong Kong, this destination brand name will place all tourism stakeholders in a difficult position.

A total of four areas were identified in terms of users' views on legalization, namely, specific regulation development (13 text units, 42%), taxation (5 text units, 6%), safety and hygiene standards (7 text units, 19%), and problem-solving services 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. The development of specific regulations and taxation should be further investigated by the government for the current development of the sharing economy in the accommodation sector. Respondent 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 services should be protected by law. A user (F1) noted that paying taxes was a necessary step to protect all stakeholders. Safety and hygiene standards and problem-solving procedures should be established for the Airbnb platform or similar informal accommodation services to provide users and hosts with trustworthy services. In addition, hygiene standards and facilities might be planned differently in a few informal accommodation services. However, a standard should be established by the platform to ensure quality and satisfactory experiences. One user (U10) mentioned that safety should be prioritized. Specifically, this user expressed, "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, 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 general public. This finding was consistent with the results of Oskam and Boswijk (2016) who stated 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 the hosts suggested that the government should enrich the policy on Airbnb development (or any informal accommodation platform) because it was an inevitable trend in the hospitality industry.

Meanwhile, 22% of the 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 the Airbnb users, the Airbnb hosts, and the hotel operators, respectively, proposed safety checks. Insurances covering the injuries and deaths of hosts and guests (Lieber, 2014) are lacking. Thus, daily safety checks by Airbnb operators should be conducted. In terms of unfair competition, 16% of the Airbnb users and 3% of the hotel operators stated that Airbnb and its hosts should pay taxes.

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

Airbnb users proposed various measures such as problem-solving services for hosts and users. Meanwhile, industry managers asserted that a registration system should be provided for Airbnb operators and users. Specifically, hosts should apply for a business license, whereas the government should simplify the informal accommodation standards, 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' decisions on Airbnb as perceived by different stakeholders. These stakeholders provided 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 contributed to the tourism and hospitality literature on consumer behavior characteristics that distinguish P2P accommodation from traditional accommodation types.

Existing perception gaps among different stakeholders affect customers' decision making and marketers' marketing strategy adoption, which lead to uneven satisfaction.

Distinguishing the determinants affecting the decision making of customers is an effective approach to understanding customers' demands and to satisfying their needs (Peterson & Wilson, 1992; Pizam & Ellis, 1999). The current analysis indicated that the key determinants identified by all the stakeholders were price, online reviews, and recommendations. Consumers' decisions on choosing the Airbnb service were prominently influenced by accommodation price, reviews from previous users, and recommendations from their relatives or friends. This finding was consistent with the results of previous studies that indicated that price and reviews are initial influencers in customers' decision-making processes (Chen, Nguyen, Klaus & Wu, 2015; Cheng, 2016; Han, Yu & Kim, 2018; Moon & Han, 2019). The findings of this study could be useful to Airbnb when advising prices to hosts. Traditional accommodation operators likewise 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 the factors. These factors involved the physical and tangible attributes of accommodations. This finding differed from those of most studies on Airbnb accommodation. Unlike the previous findings by Heo (2016), sustainability, community, and economic benefits were the main determinants of users' decisions 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; however, they underestimated their tangible attributes. Hotel operators should raise their value-oriented awareness of experience service and reinforce their overwhelming superiority in terms of tangible facilities to gain competitive advantages in the tourism market. Customers have a high demand for 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 to meet consumers' expectations. Specifically, budget hotels could provide laundry services, whereas five-star hotels could offer such services at affordable prices. Kitchen service was also a key element for users' decisions on Airbnb. Existing hotels could not possibly provide kitchen services. However, three- to five-star hotels could offer affordable in-room dining and stay-and-dine packages. At present, family travelers generally used the Airbnb service to avoid booking two rooms (e.g., separate bookings for two adults and two children). Hence, hotels might consider providing affordable packages for family stay. In the United Kingdom, Premier Inn offers free stay for children under 17 years old by adding two extra mattresses on both sides of the main bed. Premier Inn also offers the same deal for their breakfast service; that is, each paying adult can bring a child under 17 years old. Four- and five-star hotels could offer in-room tents with beddings for children as well.

Although customers did not request high-standard facilities or decorations from Airbnb accommodations, they appreciated a comfortable living environment. Customers staying in a star-rated hotel had high expectations for the quality of service. However, hoteliers recognized authentic local experience as the primary factor that affected Airbnb users by meeting their social requirements and comparing their evaluations of their traveling experience. Unfortunately, hoteliers are unaware of other important factors such as unique decorations and special facilities (Moon, Yoon & Han, 2017). These results collectively suggested that marketers can reconcile aspects of authenticity in their future marketing plans.

In contrast to an authentic experience, this research revealed that traditional hotels could enrich the cultural experience of tourists by enhancing staff training. 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); thus Airbnb operators could emphasize this advantage by utilizing their social resources while standardizing local information for users. Certain digital marketing actions should be taken. Accommodation selection might depend largely on online reviews and recommendations, and the consumption mode of customers may be shifting to mobile shopping. Thus, effective online interactions with customers could be conducted as an intangible asset, and efficient marketing strategies on mobile phones could be implemented.

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. Thus, accommodation providers are encouraged to develop two-way communication systems to update customers' information and integrate their positioning with target customers' travel purposes and modes.

This study identified the attitudes on the legal issues of Airbnb operation as perceived by all the 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. Safety checks and user registration systems should be required for Airbnb hosts for their operation. Hotel operators, who are outside P2P accommodations, realized that Airbnb development was inevitable in Hong Kong. However, the high density of the Hong Kong population made the P2P accommodation service difficult to access. This finding highlighted that the density of a destination could affect the development of P2P accommodation services, which has not been discussed in any previous studies. Considering the limited housing resources, potential risks, and cultural differences, numerous 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 checks but with lenient standards.

Furthermore, local policymakers may consider opening a certain area with a low population density. Airbnb could present the same economic benefits as traditional tax-paying hotels but

exhibit a different profit distribution. Policymakers should examine 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 crimes. The heavy burden could be imposed on the government and could mar the image of Hong Kong as a global tourist destination. Thus, the Hong Kong government should provide tourists with a safe and complete cultural experience to ensure the positive image of the region.

Limitations and Future Study

This study has certain limitations that could offer opportunities for future research. The first limitation concerns the backgrounds of the participants. All the participants were Chinese, and the study was conducted in Hong Kong, which might not represent other parts of Asia. Still, the findings of this study can serve as a reference for any city/country where has a similar cultural background and population density. The second limitation is the use of qualitative approaches that are unable to 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 the participants were equally articulate or perceptive (Creswell, 2009). This study highlights that the density of a population can affect the development of P2P accommodation services, which can be further investigated in high-density cities, such as Toyko, London, and Shanghai. The last limitation of this study is language barriers and translation. The 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 legal, such as Japan, should be explored in the future.

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