

The Effectiveness Analysis and Strategy Exploration of Homestay Industry on Rural Revitalization of China

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Abstract. The homestay industry has been developing rapidly in recent years. It has become the pillar industry of rural economics to some extent, and the concept of rural revitalization is becoming more and more popular in China. Therefore, it is necessary to fathom the current situations in the homestay industry and find problems and feasible refinements. This paper mainly adopts two research methods, interview and literature research. By reviewing findings and conclusions from the previous studies and interviewing homestay owners and employees, the author points out several problems of the existing homestay industry, including applying stale developing approaches mechanically, being incompatible with the local environment, and lacking in cooperation with local governments. Also, this article discusses the crux of these problems. It provides possible solutions to help homestay owners better attract target customers and expand the market. The expansion of the thriving homestay industry gives back incentives to the local economy.

Keywords: Homestay; China; Rural revitalization; Strategy Exploration

1. Introduction

1.1 Research background

The homestay industry in China has developed rapidly during the last ten years. In 2015, China's homestay industry market scale reached 20 billion yuan with more than 40,000 units [1]. By the end of 2018, there were 431,000 legal entities in the lodging and catering industries, employing 7.064 million people, up 115.5 percent and 2.1 percent from 2013, respectively [2]. As a result, the homestay industry is regarded as one of the most significant components of rural revitalization in China. Also, the unique pattern of homestay, which combines accommodation experience with local culture, naturally fits the goal of eco-friendly and sustainable development because the lifestyle of peasants usually generates less waste than people who live in urban areas. In addition, the homestay industry is undergoing a structural transformation: homestay, using spare rooms for providing accommodation, is gradually changing into renovating abandoned houses to provide accommodation that combines traditional culture and modernized facilities [3]. This new way of homestay, which is gaining popularity quickly, contributes to a large amount of economic growth for the local people. Also, even though the epidemic greatly impacted tourism and caused a recession recently, traffic has boosted traffic since 2021 [4].

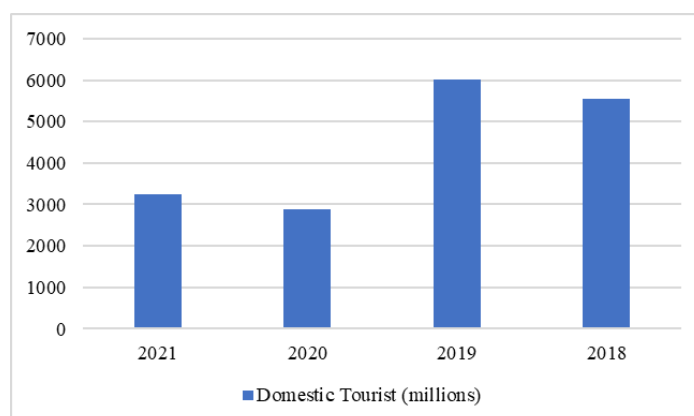


Fig 1. Domestic Tourist

This figure shows the power of tourism that can significantly influence rural areas. Therefore, the importance of investigating the effectiveness of the homestay industry on rural revitalization is obvious.

In 2017, Xi Jinping, President of China, proposed the rural revitalization strategy. The goal is to establish and improve the institutional mechanism and policy system for integrated development of urban and rural areas and accelerate the modernization of agriculture and rural areas following the general requirements of prosperous industry, pleasant ecology, civilized countryside, effective governance, and prosperous life. Thus, the homestay industry matches the essence of the rural revitalization strategy by improving the living standard of farmers and promoting related industries' development, such as agricultural products and garbage recycling. Also, the homestay industry brings young people back to build their hometown and provides opportunities for the local older people to be re-employed, such as cooking and house cleaning services. Overall, the homestay industry will benefit the local people in multiple aspects.

1.2 Literature review

In 2007, the interaction between the homestay industry and residents was examined on Dachangshan island. Gu found that the development of the homestay industry brings multiple effects to rural areas, including economic development, life quality improvement, and physical environment degradation [5]. Long analyzed the homestay development in Mogan mountain that revealed the key factors determining whether the local homestay industry could grow physical geographical conditions, traffic location conditions, tourism self-organization mechanism, policy influence, and community residents' willingness [6]. Zhang proposed that compared to the homestay industry in Taiwan, the homestay on the mainland lacks clear concepts and goals. As a result, following successful examples from developed countries and investigating the interactive relationships and matching patterns between the homestay and the surrounding environment becomes important [7]. From these researches, it can be seen that the homestay industry and local people are extremely dependent on each other to achieve rural revitalization and develop successful homestay industries.

Most scholars have researched the ways and mechanisms developing the homestay industry affects and interacts with the local people and environment. In contrast, this article mainly focuses on the economic profits and life quality promotion brought by the interactions between them because these factors are key measurements of rural revitalization. For example, constructing a homestay requires building infrastructures like a power grid and water pipe guaranteeing tourists' basic needs. Meanwhile, the surrounding areas where residents live can also benefit from the construction of homestay.

1.3 Research framework

This article primarily adopts interview and literature research to find out how the homestay industry brings economic benefits and higher living standards to the local people. Firstly, the article will show several interviews of both the homestay owners and local people to provide solid data on the real situation and the opinions from both sides to point out the progress that has been made and the existing flaws of the homestay industry that have to be corrected. Then, this paper lists data on rural area development and homestay industry development from different journals and websites to strengthen the opinions in the interviews.

2. Methods

2.1 Interview

This paper will present several interviews with the owners of homestays and workers, including residents and graduates who work in the homestay, and analyze their opinions and attitude toward the construction of homestays. Then, based on this information, this paper will find out the effectiveness

and appropriate strategies of the homestay industry in promoting local economic growth and realizing rural revitalization.

2.2 Literature Research

This paper will analyze previous homestay industry development research and summarize each research's points. Also, this article will generate new insights into the strategies the homestay industry can adopt to accomplish high-quality development instead of developing planlessly and finally running into bankruptcy.

3. Results

The homestay industry in China sprouts in different regions with unique qualities to attract their target customers. The levels of homestays differ in a large range. Low-end homestays indeed occupy a significant portion of the consumer market. However, as a whole, the Chinese folk industry is experiencing high-end and boutique development, expanding its customer base. The high indication of homestays mainly includes the following aspects. First, the upgrading of basic service facilities. Homestays were often treated as the next best thing to hotels in the past because of the lack of infrastructure. Today's homestays, however, often subvert the traditional impression, with amenities similar to and sometimes surpassing those of high-end hotels. The second point is the organic integration of homestays with local culture. Unlike when homestays were built in the countryside, new high-end homestays tend to focus more on integrating with local culture. In many successful homestay cases, they have been able to preserve the local architectural style and traditional culture while providing modern accommodations by renovating part or all of the original village. Visitors can also interact with the local residents during their stay in some renovated cases. Such integrated homestays are often able to attract more guests as well as government and capital support.

The author interviewed the owner of homestays, workers, and residents in the following areas: Nanchong, Anshun, and Suzhou. Overall, the current situation is that the homestay industry is still undergoing an expansion period featured by multiple characteristics, such as a high development rate, enormous underused land resources, and increasing employees. However, the existing problems are intractable for many reasons. The most pervasive difficulty that homestay owners have is the inappropriate location. Many homestay owners don't realize the importance of choosing a proper location. As a result, their businesses soon encounter obstacles like lack of customers and conflict with residents. For example, one of the homestay owners the author interviewed in Nanchong states that in the off-season, the owner gets in trouble that the homestay can hardly attract new customers. Therefore, the business is hard to maintain and nearly goes into bankruptcy. In contrast, homestays built near the scenic spot constantly attract tourists throughout the year. Also, another problem of China's homestay industry is that many homestays don't utilize the synergy generated from cooperation with local government and residents. Nevertheless, if the homestay owner starts to work with the locals intentionally, the result will be substantial. For instance, in 2018, the owner of the homestay brand Cunshang, Mr. Chu, built a new homestay called Changyangli in Wujiang District, Suzhou. This new homestay fully utilizes support from the government and local people. Firstly, the location is not only decided by Mr. Chu himself. The government plays an important role in recommending the proper location. As a result, the proper location choice minimized residents' discontent, and some residents became employees in this homestay.

Therefore, it is pivotal to pick up appropriate strategies to arouse customers' interests truly. It is reasonable to list features of the homestay that attracts tourists. Inversely, if the homestay doesn't include those features, its business performance will worsen.

Firstly, according to the problems mentioned before, proper location will be the priority for anyone who wants to start a homestay business. If the site is far from the popular attractions and does not have its complete ecological system, it will become an almost impossible goal to recruit enough guests in the off-season. It is also important to pay attention to the site's distance from the city; once

a homestay is too far away from the city, it is difficult to motivate customers enough to visit the homestay, which in turn leads to a decrease in the number of guests.

Secondly, the issue of how to communicate and synergize with local residents is also an urgent issue for homestay owners to address. This is also something that needs to be taken into consideration when choosing a location for a homestay. If the villagers have a negative attitude towards the homestay, it won't be easy to coordinate with them afterward. On the other hand, if the villagers welcome the development of homestays in the area, a win-win situation can be reached between the homestay and the local residents.

Thirdly, unprofessionally trained homestay owners are likewise a major impediment to the quality development of the homestay industry. Unprofessional B&B owners can perform worse compared to homestay owners who have undergone professional training in hospitality management. For example, in terms of cultural intelligence, unprofessional homestay owners are often unable to communicate effectively when dealing with issues related to cultural differences [8]. Also, when it comes to running a folklore business, unprofessional homestay owners cannot accurately grasp the business situation of the homestay, which usually leads to the closure of the homestay.

In addition, the local culture is a crucial element that contributes to the success of a homestay because of its great attraction to tourists, and functional, emotional, and experiential factors are important factors that determine the perceived value of community homestay tourism [9]. In this aspect, Changyangli is also a fitting example. Pingwang spicy sauce is a famous product in Wujiang, and the production process of the sauce is an intangible cultural heritage. Thus, the homestay built an experience hall to let the tourists learn how to make their spicy sauce. The homestay also hires many local people to produce different products to make sauces. Therefore, this action attracts tourists to the homestay and helps local residents sell their products. This mutual benefit effect is a model of combining the homestay industry with local economy to accomplish rural revitalization.

4. Discussion

According to the problems raised in the result part, solutions should focus on ways of promoting the attractiveness of homestays, thus bringing benefit to local economy. Eventually, the goal of rural revitalization can be obtained because of the virtuous cycle brought by developing homestay industry with increasing tourists.

4.1 Culture-based publicity

Due to the economic recovery and the negative impacts of the pandemic on tourism in the past two years, people in richer regions in China now need to travel. Also, these people are pursuing not only high-end accommodation experiences but also local culture and customs that enrich the connotation of traveling. In this regard, propaganda that focuses on advertising certain homestays that contain a concoction of local culture and a cozy environment will be fascinating for customers. There are many ways of combining these elements for homestays, such as recreating or restoring the local architecture style, holding activities related to local festivals, and being located near local villages. These features define a new era of the homestay industry and can help some homestays to be outstanding to attract tourists and boost the local economy. For example, the high-end touring party business market is rapidly expanding. Hence, target customers who can afford relatively higher prices are increasing, and it is time for homestay owners to put up slogans that match the interest of these people. Finally, it will be a win-win situation for both sides because they get what they desire, which is luxurious and memorable accommodation experiences and higher economic profits.

In addition, considering the current insufficient propaganda dynamics, both the government and the homestay owners must broaden the way of advertising the homestay products. Without multiple publicizing channels, it will be difficult for homestay owners to maintain their business during the off-season. In addition to existing promotion methods such as advertising on video websites and social media, some offline promotion is also necessary because the main target customers of B&Bs

are people living in nearby cities or provinces. However, on the other hand, publicities to other regions are still significant because, under this circumstance, cultural differences are a crucial factor that attracts customers. As a result, advertising properly in different regions is an important subject since it could maximize the influence of advertisements over a large range of people. For instance, homestays can propagandize their cozy accommodation with beautiful landscapes to appeal to local customers and adjacent areas. For customers in other remote areas, the concept of a cultural tour is the emphasis.

4.2 Synergy and Compatibility

For many reasons, many homestay owners build homestays without a close relationship with the local government and villagers, and sometimes this negligence causes conflicts and noncooperation. Therefore, it is requisite for homestay owners to contact frequently with local governments and villagers to take advantage of the synergy generated. To begin with, choosing locations to build homestays is always a topic that homestay owners make mistakes. Communicating with officials in the local government to be familiar with situations in different villages is pivotal since it reduces the difficulties of the following construction and cooperation. If the villagers don't want people to interrupt their life, it will be impossible for homestay owners to have a successful business here due to constant arguments. On the contrary, if villagers and government officials are willing to have a new homestay brand settled, huge synergy will be produced. For instance, in Changyangli, the final location was picked among several locations provided by the local governments. As a result, this homestay maintained a close cooperative relationship with the government of Pingwang town. Also, because of its friendly relationship with local villagers, Changyangli gathered antiques from many villagers' homes that manifested the Chinese country style in the 1970s, such as old boxes, fans, and radios. In addition, the opportunity to contact local culture that enriches traveling experiences is also an important part of homestay attractiveness [10]. Therefore, because of canonical collaboration between extraneous industry and local residents and government, Changyangli itself becomes not only an economically successful example of the homestay but also a country history museum.

To sum up, homestays that comprise these features mentioned above tightly incorporate the local economy because of employees hired from the nearby villages and infrastructure investment before the construction of homestays. With more and more tourists, the local government can not only benefit from income from tourism but also from the development of related industries, including manufacturing and catering. By developing tourism, especially homestay tourism, a virtuous cycle is built with the formation of a thriving industry chain. Thus, the development of the homestay industry is crucial to local economy since the development of tourism hinders local economy in many ways.

5. Conclusion

This paper points out the existing flaws in the homestay industry and the problems caused by these imperfections. The unbalanced development of homestays over the country and the inexperienced homestay owners are the cruxes of the problems. Various homestay problems include being incompatible with local people and culture, selecting improper locations to build homestays, and inadequately utilizing local resources. Therefore, regarding sustainable development and the goal of rural revitalization, the article suggests ways to improve the quality and attractiveness of homestays and combine local culture and customs with high-end accommodation experiences to expand the homestay market and boost the local economy.

Overall, this paper provides some insights into the homestay industry's future direction that homestay owners can use for reference. By analyzing the problems presented and suggestions given in the article, homestay owners can avoid misunderstandings of the homestay industry and effectively utilize hidden resources like local residents' support.

However, there are still many shortcomings in this paper in terms of argumentation. Because the main method of investigation used in this paper is interviews and literature research, only some

qualitative conclusions can be drawn. Still, it is impossible to calculate the impact of a particular method or decision on passenger flow and local economy quantitatively by utilizing data surveys and statistics. In the future, the impact of the cultural-tourism combination on B&B development and even rural revitalization can be further calculated utilizing data statistics on some specific B&B enterprises.

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