

# Keeping up with stayers' expectations

Illusions of easy profits are quickly dispelled as service standards rise and competition grows

By WU YIYAO

"Can you come to my place this afternoon? This is really urgent," said Dong Tian, a 42-year-old B&B keeper in Shanghai's suburban Xinchang town.

He made three phone calls to the service provider in just 10 minutes to confirm that he would come over to help deal with bugs in the house immediately.

The town, a prestigious location about a 10-minute drive from Shanghai Disney Resorts, has dozens of B&Bs that sprang up this year.

Like other B&B hubs in China, such as Moganshan in East China's Zhejiang province, the rush started with one successful property, which realized positive cash flow in four months.

The mushrooming of B&Bs continues. Dong's seven-room property is one of the latest. It opened last winter and is yet to turn profitable.

Before he started the B&B, Dong worked in a bank as a corporate banking manager. He is good at numbers and has a business mind, but he has never been trained in hospitality.

"If I had known that running a B&B was so complicated, I'd have thought twice (before taking the plunge). But you have to learn on the job, so to speak. At the drawing board stage when you calculate investment and returns on paper, you can't anticipate everything that

would happen next," he said.

For B&B operators, running a property is a great challenge because consumers' needs change quickly, and competition is getting fiercer as more players enter the market.

In the past, B&B customers used to expect something that was different from standard services in hotels. They would tolerate problems such as bugs and leaking water pipes.

Not anymore. They now expect something beyond standard services from B&B stays. They crave a unique travel experience and there is no margin for error or disappointment, said Fan Yezheng, a researcher with the China Tourism Talent Research Institute.

"Food must be delicious and the garden must be well arranged to present a picture- and selfie-perfect background. Shampoo and body lotion must smell good. Tourists' expectations of B&Bs are changing," he said.

For operators, this means heavy investment in transforming the building into a customer-pleasing facility. This entails higher cost of maintenance, and requires constant learning to keep pace with consumer preferences.

In China, the B&B segment has been evolving from mom-and-pop businesses to professionally operated services.

It all started in the early 2000s. B&Bs first sprouted in rural areas where farmers would use their spare rooms to host urban tourists.



Guests at the Prodigy Outdoor Base, a hostel in Moganshan, East China's Zhejiang province. A YUAN / FOR CHINA DAILY

## 2 million yuan

Average investment needed to convert a seven-room property into a B&B in first- and second-tier cities

Guests would spend a weekend fishing in ponds, or picking fruit in orchards.

In the 2010s, B&Bs appeared in cities with tourist attractions, such as Xiamen in East China's Fujian province, Dali and Lijiang in Southwest China's Yunnan province, and Hangzhou and Moganshan in Zhejiang. Guests would stay for a weeklong holiday, exploring the scenic spots in the neighborhood and experiencing local cultural events.

Since 2015, private, exclusive and

pricey B&Bs have been getting popular. Such stays can cost as much as 5,000 yuan (\$770) per room per night.

Guests are now seeking experiences. These can come in the form of sipping champagne while in the bathtub, watching snow fall on the Great Wall from a bedroom window, lazing in a tent, or just staring at the cosmos in the evening as a gentle breeze blows through the nearby bamboo forest.

To ride the trend, some B&Bs are transforming from affordable accommodation to being more like luxury boutique hotel chains.

Li Wei, a B&B interior designer and the host of a property in Hangzhou, said that many people think running a B&B is an easy way to make money, quickly. However, they

will soon find out that this is not the case.

The average investment needed to convert a seven-room property into a B&B in first- and second-tier cities is about 2 million yuan. It would take roughly four to six years to break even, said Li.

Dai Bin of the China Tourism Academy, speaking at a forum, said: "For B&B operators, the key to success amid fierce competition is to make the property a livable and attractive place.

"It requires detailed design, and each property needs its unique resource, be it an outstanding chef, an impressive interior design, or prestigious location with exclusive view. Homogeneous properties would only bore travelers and hurt the sector as a whole."

>> FROM PAGE 22

even weddings, according to a CHA report, which surveyed more than 20,000 consumers across China.

Typical guests are those who travel a long distance to neighboring cities and villages frequently. They are usually married or have long-term partners. They like to travel in pairs or in groups and focus more on feelings and experiences than cost, the CHA report said.

About 57.5 percent of guests at B&Bs are women and 52.5 percent are aged between 25 and 39. Around 52.4 percent expect the average cost

of a Chinese B&B to be about 500 yuan per room per night, which is above the average spending at a budget hotel and equal to that of a four-star hotel in a typical second-tier city.

The trend of rising consumption among the increasingly affluent middle class is driving B&B growth in China, said Xie Yun, deputy head of the tourism and hospitality management faculty at Guangxi Normal University, in Guilin, South China's Guangxi Zhuang autonomous region.

He compared China's B&B segment to "private banquets" in the

## 78 percent

Growth of B&B facilities in China from 2014 to June this year, according to the China Hospitality Association

dining industry. "As residents' purchasing power rises and consumption diversifies, it's not surprising that B&B is getting popular."

Yu Minliang, 23, a graduate student in Shanghai, agreed. He prefers B&Bs to other types of accommodation when traveling. "B&B meals are cooked by the host," he said. "Very often, vegetables are homegrown. The hosts share their garden harvest with you."

In many ways, B&Bs in China offer much more than just bed and breakfast. Yu said "sharing" marks almost every aspect of a stay. Unlike hotels,

B&Bs enable guests to be social.

"At B&Bs, you eat grapes from the vines in the backyard garden. Hosts and guests chat over a meal, and play with the pets together. If you are not driving, fellow guests could give you a ride to nearby scenic spots," he said.

The B&B concept emerged in Europe, and they came to be known as places for travelers to stay in rooms in a private house, with breakfast thrown in for good measure. In China, however, B&B is more about entertainment, leisure, experiences, new friendships, and even social networking.