

Research on High-Quality Development Strategies for the Homestay Industry from the Perspective of Value Chain

Qingying Duan^{1,a,*}

¹Tianjin University of Science and Technology, School of Economics and Management, Tianjin, 300457, China

a. 1511750859@qq.com

**corresponding author*

Abstract: This study uses value chain analysis to examine the basic and supporting activities in the homestay industry, explore the challenges present in the value chain activities, and offer recommendations. The study points out that homestay businesses should focus on core competencies and implement a series of measures to achieve value creation and cost control. Additionally, optimizing the policy environment and applying sustainable development are crucial for the transformation and upgrading of the homestay industry. The results provide practical guidance for the industry to achieve sustainable development in an increasingly competitive market.

Keywords: Homestay Industry, High-Quality Development, Value Chain.

1. Introduction

The homestay industry, as an important branch of the tourism sector, has experienced rapid growth in China in recent years. With the increasing demand from consumers for personalized and experiential tourism, homestays have gained popularity due to their unique cultural features, warm family atmosphere, and close-to-nature accommodation experiences. Homestays not only provide travelers with distinctive lodging options but have also become an important force in promoting local economic development and cultural preservation. However, several challenges have emerged, including intensified competition within the industry, inconsistent service quality, insufficient legal regulations, and the pressing need for sustainable development. You Shangdeng identified issues related to the inadequate regulation of rural homestays and the lack of management skills among operators [1]. Zhu Shuangyue pointed out the opportunities and challenges faced by rural tourism homestays in the context of the sharing economy [2]. Zhang You proposed a coordinated "government-business-association-operator" model to advance the development of the homestay industry [3].

Currently, many scholars have studied the development of the tourism industry from the value chain perspective. For example, Chen Xuejun and colleagues researched the development model of the tourism and elderly care industries from a value chain perspective [4]. Zhang Zhenjia analyzed the restructuring path of the tourism value chain in the post-pandemic era [5]. Zhang Xiaolei and others explored the high-quality integration of China's sports industry with the cultural and tourism sectors from a value network perspective [6]. Zou Lei studied the enhancement of agricultural product value from an agritourism perspective [7]. Lu Zhiqin and colleagues conducted an analysis and

practical investigation of the integration of sports and tourism in characteristic towns of leisure sports in China, using the value chain model [8].

This study aims to analyze the value chain of the homestay industry, discuss the challenges it faces, and propose corresponding development strategies. This paper will provide theoretical support and practical guidance for the high-quality development of the homestay industry.

2. The Value Chain and Structure of the Homestay Industry

The value chain of the homestay industry can be divided using Michael Porter's value chain analysis model, which categorizes business activities into primary and supporting activities. Therefore, the structure of the homestay industry's value chain consists of these two categories, which can be further detailed as follows:

2.1. Primary Activities in the Homestay Industry Value Chain

2.1.1. Internal Logistics and Production Services

To ensure the smooth daily operation of a homestay, activities such as room cleaning, linen changes, material procurement, and inventory management are necessary. In addition, the quality and maintenance of the accommodation services provided by the homestay are crucial, including the regular upkeep of guest rooms, the updating and upgrading of facilities and equipment, and ensuring the comfort and safety of the rooms.

2.1.2. External Logistics and Marketing Strategies

This stage involves interactions with tourists, such as managing the booking system and providing customer service. These tasks require efficient communication and coordination skills to meet customer needs and deliver personalized services. In terms of marketing, it is essential to establish the brand image of the homestay, attract customers through marketing activities, develop effective pricing strategies, and manage sales channels.

2.2. Supporting Activities in the Homestay Industry Value Chain

2.2.1. Organizational Infrastructure and Human Resource Management

Building a strong organizational foundation includes aspects such as the management structure, financial management, and legal affairs of the homestay, providing a solid basis for stable operations. Human resource management covers employee recruitment, training, performance evaluation, and incentive mechanisms, as the professional quality and service level of the staff directly impact the service quality of the homestay.

2.2.2. Technological Development and Procurement Management

Information technology support for homestays, such as reservation systems, customer relationship management (CRM) systems, and smart home devices, enhances operational efficiency and customer experience. Procurement management involves sourcing the materials and services needed by the homestay, such as furniture, decorations, and cleaning supplies.

In value chain analysis, homestay businesses need to identify which activities can create value for customers and invest in and optimize these activities to improve competitiveness and customer satisfaction. Additionally, value chain analysis can help homestay enterprises discover issues in various links of the chain, allowing them to take targeted measures to address these problems.

3. Challenges Faced by the Homestay Industry from the Perspective of the Value Chain

As the homestay industry rapidly develops, it faces numerous challenges, which can be analyzed from the perspective of various activities within the value chain, as well as the influence of external policies and the environment. To address the ever-evolving challenges, homestay operators must continuously innovate and adapt to market changes to achieve long-term sustainable development.

3.1. Challenges in the Primary Activities of the Homestay Industry Value Chain

3.1.1. Challenges in Internal Logistics and Production Services

Efficient internal management is essential for maintaining cleanliness and upkeep within homestays. Key challenges include optimizing internal processes to reduce costs, offering personalized and high-quality services to enhance core competitiveness, and developing and maintaining value-added services related to local culture and experiences.

3.1.2. Challenges in External Logistics, Marketing, and Sales

As market competition intensifies, homestays require effective marketing strategies to attract and retain customers. Critical issues include how to leverage digital marketing and social media tools to increase brand awareness and how to improve sales efficiency through online booking platforms and direct sales channels.

3.2. Challenges in the Supporting Activities of the Homestay Industry Value Chain

3.2.1. Challenges in Organizational Infrastructure and Technological Development

Homestays need a stable management structure and advanced information technology support to enhance operational efficiency. Key challenges include deciding how to invest in technological infrastructure, such as booking systems and customer relationship management (CRM) systems, and ensuring data security.

3.2.2. Challenges in Human Resource Management and Procurement

The rapid growth of the homestay industry requires sufficient professional talent to support it. The main challenges involve how to improve service levels through effective training and development programs, establishing a stable supply chain, and finding cost-effective suppliers while ensuring quality.

3.3. Challenges in Responding to External Environmental Changes

3.3.1. Challenges in Market Competition and Policy Regulation

The competition in the homestay industry is becoming increasingly fierce, and regulatory oversight is also tightening. For homestay operators, the challenge lies in how to stand out amidst the competition and how to adapt to the changing policy environment to ensure compliance with regulations.

3.3.2. Challenges in Sustainable Development

With consumers paying more attention to environmental protection, the homestay industry faces challenges in achieving green operations and sustainable development. This includes the use of eco-

friendly materials and energy-saving technologies, as well as finding ways to protect local culture and the environment.

4. Measures for High-Quality Development of the Homestay Industry from the Perspective of the Value Chain

4.1. Government Support, Standardized Management, and Industry Standards

The government should establish relevant policies to regulate the scale, projects, and funding of homestay development through macro-control, providing favorable conditions such as land use incentives, tax breaks, and financial support. These measures would create a better environment for the growth of the homestay industry. Additionally, the government should establish unified industry standards and management norms, increasing oversight of homestay operations and service quality to promote healthy industry development. The homestay industry must also adapt to the constantly evolving policy environment to ensure compliance with regulations.

4.2. Implement Differentiated Operations, Strengthen Marketing and Brand Building

Homestay operators should integrate resources, leverage regional and industrial advantages, and capitalize on unique local characteristics to create distinct cultural experiences that enhance competitiveness. In terms of branding, homestays can innovate by combining regional advantages and cultural characteristics to establish a unique brand image and increase market recognition. Actively engaging in promotional marketing activities and utilizing new marketing methods, such as social media and influencer live-streaming, can help expand the market influence of homestays and attract more customers.

4.3. Strengthen Infrastructure Development and Continuously Improve Service Quality

Improving infrastructure is essential to ensure the comfort and safety of guest experiences. The application of advanced technologies, such as big data, the Internet of Things (IoT), and cloud computing, can enhance operational efficiency and service quality while reducing costs. Furthermore, it is crucial to strengthen the development of human resources by providing training to enhance the professional skills and comprehensive abilities of homestay staff. Additional services for guests, such as dining, tourism consultation, and cultural experience activities, can improve customer satisfaction and increase the added value of the homestay.

4.4. Innovate and Diversify, Adhere to the Concept of Sustainable Development

Product innovation and the coordinated development of different business models should be encouraged. Homestays can integrate closely with local specialty industries, introducing diversified business models to extend the industry chain and expand the value chain. For example, homestays can combine with local industries through models like "homestay + culture" or "homestay + agriculture," creating new revenue streams and market opportunities. By adopting green management practices, using eco-friendly materials, and implementing energy-saving technologies, homestays can enhance their brand image and meet the growing consumer demand for sustainable tourism.

5. Conclusion

From the perspective of the value chain, the homestay industry can effectively enhance its competitiveness and market position through optimizing internal management, improving service quality, strengthening brand building, integrating resources, and fostering technological innovation.

This paper emphasizes the critical role of the government in planning, guiding, providing policy support, and setting industry standards, as well as the importance of businesses taking the initiative in talent development, marketing, and sustainable development practices. The conclusion points out that only by comprehensively improving all aspects of the value chain can the homestay industry achieve long-term high-quality development, meet market demands, and contribute to the prosperity of the local economy and culture.

References

- [1] You, S., & Shi, C. (2018). *Developing homestay tourism to boost rural revitalization*. *People's Forum*, (13), 96-97.
- [2] Zhu, Y. (2018). *Opportunities and challenges for rural tourism homestays under the sharing economy*. *Agricultural Economy*, (07), 113-115.
- [3] Zhang, Y., & Zerenhuazhen. (2023). *Development model of the homestay industry in Qiang areas under rural revitalization: A study based on Wenchuan County, Aba Prefecture*. *Journal of Ethnology*, 14(03), 52-59, 147.
- [4] Chen, X., Li, L., & Fu, Y. (2017). *Research on the development model of the tourism and elderly care industry from a value chain perspective*. *Enterprise Economy*, 36(07), 105-110. DOI:10.13529/j.cnki.enterprise.economy.2017.07.016.
- [5] Zhang, Z. (2021). *Analysis of the restructuring path of the domestic tourism value chain in the post-pandemic era*. *Enterprise Economy*, 40(05), 103-109. DOI:10.13529/j.cnki.enterprise.economy.2021.05.012
- [6] Zhang, X., & Li, H. (2022). *Research on the high-quality integration of China's sports and cultural tourism industries from a value network perspective*. *Journal of Shandong Sports University*, 38(04), 21-28. DOI:10.14104/j.cnki.1006-2076.2022.04.003.
- [7] Zou, L. (2022). *Research on the path to enhance agricultural product value chain flow from the perspective of agritourism*. *Agricultural Economy*, (11), 137-138.
- [8] Lu, Z., Chen, L., & Ren, B. (2023). *Research on the integration of sports and tourism in leisure sports towns in China from the perspective of the value chain model*. *Journal of Shenyang Sport University*, 42(02), 102-108.