Research Note

A Practical Study on Chinese Tourists’ Expectation of Private Lodging Houses in Japan

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Abstract

In recent years, with the fast growth of the inbound tourism in Japan, more and more foreign visitors are rushing to the country. Rather than normal hotels, many of them prefer to stay at private lodging houses for more chances to learn about the lifestyle of the local people. It is still an initial attempt for Japan to give permission to private house owners to accept guests from foreign countries. Legal strategies and regulations are needed to provide admissible evidence in case of litigation. The purpose of this study is to investigate the current situation of private lodging in Japan, take a close look at the legislation process concerning this issue and make suggestions on more effective administration of private lodging resources. We conducted a survey among Chinese private lodging users, as Chinese are the majority of the whole of foreign tourists. The result shows that private lodging is a familiar accommodation resource to the younger generation, but many of them do not seem to know much about private lodging in Japan. They have relatively high expectations of Japanese private lodging houses for a more special and vibrant experience in learning about the local culture and lifestyle. Private lodging houses in Japan should provide more chances to satisfy their travel needs.

Keywords: Private Lodging Law, Sharing Economy, Individual Travel, Japan

Introduction

In 2012, Japan started a new law to promote its development strategy as a "tourism nation". Efforts have been made to attract more foreign tourists in order to fulfill this goal. It is estimated that about 40,000,000 tourists from abroad will come to visit Japan in 2020 (Japan Tourism Agency, 2017). According to an official survey, Japanese travel market has expanded rapidly in Japan since 2013. More and more accommodation facilities have been established to meet the needs of the increasing tourists. As shown in Fig.1, foreign tourists have contributed significantly to this outstanding growth. Due to this sudden increased need for more accommodation space, hotel rooms are much less available recently and their prices have kept rising.

Private lodging is expected to be part of the solution to the problem of the unavailability of accommodation facilities to foreign tourists (Mizuho Research Institute Ltd., 2018). Many house owners advertise their private apartments for short-term rentals on social promotion websites, such as Airbnb. This new business model helps to ease the tension between the limited number of hotel rooms and the incremental reservation requests. Furthermore, Japanese government realized that such private housing rentals could be utilized for further promotion of inbound tourism at local and remote areas (Japan Tourism Agency, 2017). Thus, the concept of "Nouhaku" was proposed to fulfill this goal. The Nouhaku Project refers to a relatively longer stay at rural places, such as the seaside and the mountain regions, where tourists could experience the local lifestyle and learn about the traditional Japanese culture. The purpose of this scheme is to revitalize the local economy and boost local business growth. The government has planned to support this regional development plan in 500 areas throughout the country by 2020 (Minister of Agriculture, 2018). However, as mentioned above, the problem is how to ensure a steady supply of private lodging for this project. At
the current stage, most of the private lodging offered to foreign tourists are all located in some metropolitan cities and the so-called “Golden Route”, which refers to the sightseeing tour route going around Tokyo, Mt. Fuji and Kyoto (Japan Tourism Agency, 2015). Foreign tourists stay at private lodging facilities because they are cheaper than normal hotels. Japan has to face the challenging task of raising the awareness of foreign tourists about the “Nouhaku Project” and pushing it forward.

As private lodging is still a new social phenomenon, its positive effects have not been sufficiently discussed through research. In order to reveal those potential advantages of private lodging in Japan, we conducted a practical investigation on Chinese tourists’ expectation of private lodging houses, discovered those problems that should be solved and make suggestions on more effective use of Japanese private lodging resources.

**Previous Study**

Private lodging in Japan has drawn the attention of many researchers. Hirata (2017) conducted an attitude survey among the neighborhood residents of private apartments which were used for private lodging. Ikutake and Tani (2018), Umetani et. al (2017) and Kiriyama et. al (2017) carried out questionnaires and surveys to analyze the legal system regarding private lodging houses in Japan and make proposals for more effective running of such facilities. In 2013, Aoki and Motoe (2013) made a detailed investigation about private lodging facilities in Japan that were advertised on Airbnb.

Despite of these studies, it is still unknown whether foreign tourists to Japan are interested in private lodging accommodation and whether they are satisfied with the current situation, because all of the participants of the above-mentioned surveys and investigations were Japanese. There is still no practical research on this topic which reveals the attitude of foreign travelers. Therefore, in this study, we investigated the real needs of the foreign tourists through a survey. According to the official data as shown in Fig. 2, the
number of Chinese tourists (mainland) accounted for 730,000 in 2018, which is around 1/4 of the 31,191,856 total visits by foreigners. Tourists from Taiwan and Hong Kong were 414,000 and 180,000, respectively. Therefore, it is of crucial significance to learn about the real needs and expectations of Chinese tourists in accommodation in order to promote the “Nouhaku Project”. We believe that their comments would offer precious and constructive suggestions on the improvement of the private lodging service in Japan.

Private Lodging in Japan

Because private lodging is a still newly emerging business style, the laws regarding the conventional hotel business within the Japanese legislative system failed to offer proper and adequate descriptions with respect to administrative and legal assistance for private lodging. Therefore, new laws were enacted in the recent two years to provide more detailed items about the obligations of private lodging owners and the support they could receive from the government and the local community. Accordingly, three ordinances are included in the current Japanese legislative system regarding accommodation industry: Inns and Hotels Act, National Strategic Special Zones Act and Private Lodging Business Act. The former two laws were issued by Ministry of Health, Labor and Welfare (MHLW), while the last one was co-issued by MHLW and Ministry of Land, Infrastructure, Transport and Tourism (MLIT), Japan. Based on the items shown as in Table II, private lodging falls into the latter two categories. That is, the owners of properties for private lodging should either abide by National Strategic Special Zones Act or Private Lodging Business Act.

1) National Strategic Special Zones Act (Specific Zone Private Lodging)

The National Strategic Special Zones are the six areas designated by the country to promote deregulation
Table 1  Comparison of Legislation Regarding Accommodation Facilities
(Source: Hotel Business Act, 2019; Ministry of Health, 2018 and Japan Tourism Agency, 2019)

<table>
<thead>
<tr>
<th>Appropriate Ministries and Agencies</th>
<th>Inns and Hotels Act (Simple Lodging)</th>
<th>National Strategic Special Zones Act (Special Zone Private Lodging)</th>
<th>Private Lodging Business Act</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permission, approval, etc.</td>
<td>Permission</td>
<td>Authorization</td>
<td>Registration</td>
</tr>
<tr>
<td>Operation in residential areas</td>
<td>Not available</td>
<td>Available (There may be restrictions for each registering municipality)</td>
<td>Available May be limited by ordinances</td>
</tr>
<tr>
<td>Limitation on days of operation</td>
<td>No limitation</td>
<td>Subject to 2-night/3-day stay or longer (The minimum days will be set forth in ordinances, but the annual maximum operation days are not set)</td>
<td>Annual number of days provided are within 180 days (Implementation term may be limited by ordinance)</td>
</tr>
<tr>
<td>Minimum floor space: secure minimum floor space (3.3m² / lodger)</td>
<td>Minimum floor space required (33m² ; 3.3m²/lodger, if less than 10 lodgers)</td>
<td>25m² or more per room, in principle</td>
<td>Minimum floor space required (3.3m²/lodger)</td>
</tr>
<tr>
<td>Obligation to take measures to secure safety, including emergency lighting equipment</td>
<td>Required</td>
<td>Required Not required for facilities for 6-night/7-day stay or longer</td>
<td>Required Not required for facilities with small lodging room area where the house owner lives on the premises</td>
</tr>
<tr>
<td>Installation of fire protection equipment, etc.</td>
<td>Required</td>
<td>Required</td>
<td>Required</td>
</tr>
<tr>
<td>Measures to prevent trouble with neighboring residents</td>
<td>Not required</td>
<td>Required (proper explanation to the neighboring residents, system and method for appropriately responding to complaints and inquiries, and securing contact information)</td>
<td>Required (Obligation to provide explanation to Lodgers, obligation to respond to complaints)</td>
</tr>
<tr>
<td>Type of contract of an enterpriser and a visitor</td>
<td>Stay contract</td>
<td>Lease agreement</td>
<td>Stay contract</td>
</tr>
</tbody>
</table>
and regulatory exceptions for economic development and regional revitalization. Private lodging within these specific zones refers to houses and apartment rooms which are used to provide accommodation to tourists for a short-term stay. Houses and apartments to be used in this way must receive permissions from the local governments in advance. Local governments can establish their own regulations and standards for robust social governance of such private lodging facilities. Owners should run their business under the supervision of the local community, too. The preliminary attempt of such private lodging regulation started in Ota-ku of Tokyo in January, 2016. By the time March, 2019, this regulation was applicable in the following eight areas, including Niigata City, Chiba City, Ota-ku, Osaka Prefecture, Osaka City, Yao City, Neyagawa City and Kitakyushu City. The local governments granted permissions to the following individuals and corporates for accommodation service to foreign tourists:

- 106 authorized facilities, 532 apartment rooms and 69 enterprisers (including 31 individuals) in Ota-ku;
- 2 authorized facilities, 2 apartment rooms, 2 companies (including 1 individual) in Kitakyushu City;
- 1 authorized facility, 1 apartment room, 1 company in Niigata city;
- 1 authorized facility, 1 apartment room, 1 natural person in Chiba City;
- 17 authorized facilities, 30 apartment rooms, 17 companies (including 4 individuals) in Osaka Prefecture;
- 2467 authorized facilities, 7578 apartment rooms, 1478 companies (including 594 individuals) in Osaka City;
- 1 authorized facility, 1 apartment room, 1 company in Neyagawa City.

There has been no application in Yao City.

Including Niigata City, Chiba City, Ota-ku, Osaka Prefecture, Osaka City, Yao City, Neyagawa City and Kitakyushu City, the local governments granted permissions to the following individuals and corporates for accommodation service to foreign tourists:

- 106 authorized facilities, 532 apartment rooms and 69 enterprisers (including 31 individuals) in Ota-ku;
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- 1 authorized facility, 1 apartment room, 1 natural person in Chiba City;
- 17 authorized facilities, 30 apartment rooms, 17 companies (including 4 individuals) in Osaka Prefecture;
- 2467 authorized facilities, 7578 apartment rooms, 1478 companies (including 594 individuals) in Osaka City;
- 1 authorized facility, 1 apartment room, 1 company in Neyagawa City.

There has been no application in Yao City. In addition to the above authorization, private lodging users are required to stay for a minimum of two nights. Owners of the properties for private lodging houses should sign a lease agreement with the lodgers, which is different from the other two types of accommodation business. Owners are also required to offer proper explanations to their neighborhood and take prompt action in case of complaints and inquiries. In all, the owners of houses and apartment rooms for private lodging should take full responsibility in managing their business without disturbing the normal life of the regular residents in the neighborhood. They should acquire implicit consents from the residents in their local communities before starting private lodging service as a business.

2) Private Lodging Business Act

Private Lodging Business Act was established in 2018 in response to the need of the rapidly expanding private lodging business. The purpose of this law is to offer sound administration to the various requests of private lodging owners and provide effective instrumental support and assistance in case of trouble. Different from the other two laws, this one was co-issued by two ministries, MLIT and MHLW. According to this
law, owners of the properties are allowed to lend their houses and apartment rooms for private lodging with before-hand registration. There is no specific regulation about the location of such properties, which suggests that private lodging business is permitted in all residential zones throughout the country. It should be clearly noted that for this type of private lodging, owners only need to register online for approval from the governmental sectors. The process is much simpler than the complicated authorization process. Owners sign an accommodation agreement with the lodgers, which is the same as the case of hotels and inns. The maximum of the rental days should not exceed 180 annually.

For private lodging service under this category, if the owner does not live on the same premise, there are much stricter requirements for the safety security of the lodgers. For example, it is clarified in the law that emergency lighting and other protection equipment should be properly installed as instructed, and appropriate explanation must be given to the lodgers about the use of the facility. In fact, many owners choose to entrust the duty to housing accommodations management agencies to assure that they abide by any of the terms established by the law.

**Questionnaire**

In order to better understand the needs of Chinese tourists and propose for more satisfying accommodation service in Japan, we conducted an attitude survey in Nov. 2018. The questionnaire was distributed online to 115 Chinese residents who currently live in China (mainland). Participants answered the questionnaire form through the internet. The questions included in the questionnaire focus on three aspects regarding their past travel experience in Japan: travel style, use of private lodging and comments on private lodging service. Among the 115 respondents, the ratio of young people between the age of 20 - 25 is 46%, which is the largest group as shown in Fig. 3. Respondents under 20 and above 10 show a ratio of less than 10%, respectively.
Results and Discussions

Travel Style

Among all the questions included in the investigation, our biggest concern is where the foreign tourists stay during their travelling in Japan. Multiple choices are allowed for this question and the result is shown as in Fig. 4. Consequently, 67% of the respondents (77 samples) stayed at business hotels, 48% (55 samples) used private lodging houses and 37% (42 samples) choose first-class hotels. Private lodging service ranks the 2nd among all accommodation facilities. This implies that private lodging service has become an acceptable and popular accommodation choice to Chinese tourists of the younger generation.

Then, we inquire about the way Chinese tourists get access to the information they need during their travel in Japan (Fig. 5). It is not surprising that internet turns out to be the most frequently-used device to rely on, both for their domestic and overseas travels. For domestic travel, other popular information resources are friends and acquaintances, and travel magazines. Chinese tourists tend to ask for help from the local travel agencies in China in case of overseas travel. This also explains why they often participate in group tours organized by travel agencies rather than travelling alone. 40% of the respondents say they travel with family and friends. 17% indicate that they prefer to go on a trip with their boyfriends/girlfriends.

The result shows that Chinese tourists prefer to travel in a group and seldom go on an individual trip. They are still not experienced in managing their own travel schedule and booking for overseas travel. Because very few private lodging facilities in Japan have collaboration agreements with the local travel agencies in Japan, the information is not commonly available to the local staff. That is why hotels and inns are recommended to the Chinese tourists for group tours in Japan. From a whole, private lodging service in Japan is still not a well-known resource to both the local travel agencies and Chinese tourists. How to advertise such service will be a key issue to the success of the “Nouhaku Project”.
Fig. 5  Travel Information Resources

Fig. 6  Understanding about Private Lodging Service

Fig. 7  Private Lodging Facility Use of Chinese Tourists
Use of Private Lodging Service

The result of the questionnaire shows that 75% of the respondents (86 samples) know about private lodging service, while the rest 25% indicate that they have never heard about it (Fig. 6). Young people show a relatively higher level of familiarity with this term than the upper age brackets. Moreover, among the 86 respondents who give positive answers regarding this issue, 69% (59 samples) had the experience of staying at private lodging facilities before (Fig. 7). Furthermore, among these 59 private lodging service users, 80% (47 samples) made use of private lodging service for accommodation when travelling in China. Only 20% (12 samples) have ever stayed at private lodging facilities abroad (Fig. 8). In sum, Chinese tourists do not show strong resistance towards staying at private lodging houses as long as the conditions are acceptable.

Next, we investigate the reasons for what reasons Chinese travelers choose to stay at private lodging facilities (Fig. 9). Most of the users are fascinated by the beautiful scenery in the neighborhood where the facilities are situated, especially for their domestic travel. The second important reason for choosing a private lodging house is what they read either in a travel magazine or on the internet, which introduces the facility. The third reason is simply the reasonable price.

We were not able to collect a desirable sample number of private lodging service users in the case of overseas travel. But the same as domestic travel, reasonable price, friends’ recommendation, message in travel magazines and the beautiful scenery are chosen as the main reasons for their stay with private lodging houses abroad. However, there is difference in the ranking of these reasons compared to domestic travel. Chinese tourists take priority over accommodation charges rather than the scenery in the case of oversea travel. They also value the evaluations from the previous users of potential accommodation facilities. Their expectation towards the surrounding scenery is relatively low. This result shows that Chinese tourists tend to control their accommodation budget to the minimum when travelling abroad. Private lodging service in Japan should provide houses and apartments at reasonable prices in order to attract more users for the “Nouhaku Project”.

Likewise, in regard to the advantages of private lodging service, reasonable price ranks the very top
Reasons of Private Lodging Use

Fig. 10 Advantages of Private Lodgings

among all the factors (Fig. 11). Users made positive comments on their experience with the local life and culture when staying at such facilities and highly evaluated the beautiful scenery in the neighboring areas. People who have used private lodging service for more than four times tend to make more positive comments that they always have memorable and relaxing experience during their stay at local places in Japan. They appreciate the chance to interact with the local people and the help they receive from the house owners. Thus, we could make the conclusion that the regional atmosphere of the private lodging facilities and the owners are important factors contributing to Chinese travelers’ choice of such service.

Comments on Private Lodging Service in Japan

The result shows that private lodging service in Japan is not known to about half of the respondents (Fig. 11). Some of them have heard about the “Nouhaku Project”, and believed that they would enjoy their stay through such learning experience about Japanese traditional culture at rural areas.

Fig. 12 shows the inconvenience Chinese tourists have felt during their staying at overseas accommodation facilities. They make the most complaints about the limited access to free wireless LAN service during their stay. The unavailability of staff who can communicate fluently in Chinese ranks the second among all the
Fig. 11  Understanding about Private Lodging Service in Japan (Multiple Choices)

Fig. 12  Inconvenience of Overseas Travel (Multiple Choices)

Fig. 13  Decisive Factors for Private Lodging Use (Multiple Choices)

Fig. 14  Expectations towards Private Lodgings in Japan (Multiple Choices)
dissatisfying factors. Definitely, they are anxious to keep on communicating with their families and acquaintances during their travel and prefer to acquire the information from each other swiftly and promptly.

Fig. 13 suggests that the decisive factors of Chinese tourists to choose private lodging houses. Safety, reasonable price and convenient traffic are the crucial points they pay special attention to when making their final decisions about where to stay.

In addition, they have a strong desire to expand their experience in Japan during staying at the private lodging facilities. That is, they are expecting a unique travel experience which they would not be able to enjoy elsewhere. They want to enjoy the local lifestyle while feeling at home. Good cost performance and desirable room conditions are also important based on their comments (Fig. 14). As foreign tourists are from different cultural backgrounds, it is very challenging for the house owners and local residents in the neighborhood as well, as how to deliver their customer service in an enjoyable way.

Conclusions

As more and more foreign tourists are visiting Japan, there is an increasing need for Japanese service industry to meet the diverse expectations from customers with different cultural backgrounds. Private lodging facilities can accommodate foreign tourists’ requests by providing unique and satisfying service in small groups. Private lodging owners should learn about the expectations of foreign tourists from different countries and make efforts to better feature their own facilities in order to attract more customers and repeaters.

It is noticeable that troubles between the lodgers, house owners and the local residents have occurred and disputes over private lodging service have drawn the attention of the public and the government as well. Japanese legislative system has reestablished and revised the related items in recent years to prevent such problems from happening. These laws offer effective support for administration and governance at the local and institutional level in case of trouble.

This study indicates that private lodging service has become more and more popular with Chinese younger generation. Chinese users of private lodging service in Japan will increase in the future. It is a challenging issue for the house owners as to how to integrate the special experience of the local lifestyle into their accommodation service. Chinese tourists love to establish a friendly relationship with the owners and the residents in the neighborhood so that they could have more interactions during their stay. Although the private lodging service in Japan is still not well-known in China, Chinese tourists show strong interests and are looking forward to their potential future experience.

Private lodging is not a service which provides accommodation only. It should function as a device bridging foreign tourists with the local community. Private lodging service in Japan should be better advertised on the internet and enhance collaboration with the foreign travel agencies. Although troubles happen due to cultural difference and the deficiency in language communication, it is still controversial to what extent foreign tourists should be educated about the local manners and tradition. More effective approaches for promoting Japanese culture are in urgent need in order to build a more relaxing environment for both foreign
tourists and the local community.

Appendix

We appreciate Zhong Zhang for his cooperation and effort in data collection.

References


