



Working together  
www.rcis.ro

## **Revista de cercetare și intervenție socială**

ISSN: 1583-3410 (print), ISSN: 1584-5397 (electronic)

Selected by coverage in Social Sciences Citation Index, ISI databases

---

### **KEY SUCCESS FACTORS IN THE BUSINESS MODEL OF B&B INDUSTRY IN TAIWAN**

*Wan-Ju CHIANG, Maw-Liann SHYU*

---

Revista de cercetare și intervenție socială, 2016, vol. 53, pp. 89-96

The online version of this article can be found at:

*www.rcis.ro, www.doaj.org and www.scopus.com*

Published by:

Expert Projects Publishing House



On behalf of:

„Alexandru Ioan Cuza” University,

Department of Sociology and Social Work

and

Holt Romania Foundation

REVISTA DE CERCETARE SI INTERVENTIE SOCIALA

is indexed by ISI Thomson Reuters - Social Sciences Citation Index

(Sociology and Social Work Domains)



# Key Success Factors in the Business Model of B&B Industry in Taiwan

Wan-Ju CHIANG<sup>1</sup>, Maw-Liann SHYU<sup>2</sup>

## Abstract

With the upsurge of B&B in past years, such characteristic B&B, different from early hotels, provide accommodation services and various services according to the resources and characteristics. The combination of accommodation, food & drink, and tourism has B&B become a different recreation industry. Finding out the resources and combining the special capabilities for further reinforcement and application to become the competitive advantage become the primary issues for B&B operators. Aiming at B&B industry in Taiwan, B&B customers in Kenting areas are sampled for the questionnaire survey. Total 300 copies of questionnaire are distributed, and 226 valid copies are retrieved, with the retrieval rate 75%. The experimental analyses conclude that Service, with the weight 0.324 and the total weight 32.4%, is mostly emphasized among evaluation dimensions in Hierarchy 2, followed by Environment & Landscape (weight 0.283), Facilities (weight 0.215), and Management (weight 0.178). Accordingly, services are the most emphasis in the business model of B&B industry in Taiwan. By organizing the total weight of 16 evaluation indicators of key success factors in the business model of B&B industry in Taiwan, the top 5 emphasized indicators contain recreation resources, environment & landscape, cultural interpretation, decoration & landscaping, and medical treatment.

*Keywords:* B&B industry, business model, key success factor, tourism, leisure, satisfaction, planning.

---

<sup>1</sup> Chaoyang University of Technology, Department of Business Administration, Taichung, TAIWAN ROC. E-mail: m24926930@yahoo.com.tw

<sup>2</sup> Chaoyang University of Technology, Department of Business Administration, Taichung, TAIWAN ROC. Email: mlshyu@cyut.edu.tw (Corresponding author)

## Introduction

Since the practice of two-day weekend in Taiwan, the concept of leisure travel has become popular. In addition to low prices, B&B stress on the cultural exchange between guests and B&B operators, guest acquaintance with natural ecology, and guest experiences in local life (Chen & Sun, 2012). Reducing living space and green fields in high-density cities have urbanites urgently require release from nervous life and pressure that the desire for country atmosphere is relatively enhanced for urbanites. Besides, the popularization, parity, and friendliness of B&B are broadly favored by tourists. However, the uneven management standards and the lack of sound management systems at the early stage resulted in unguaranteed consumer rights (Hu *et al.*, 2012). Currently, domestic leisure travel has changed from fair tourism to experience in countryside, enjoyment of nature, pursuit of physical and mental rest, and integration of humanities in culture (e.g. designated travel, in-depth travel, and exquisite travel) because of more concentrated leisure time and the concept of single-point leisure holiday. The leisure style of B&B matches the trend of domestic travel (Abu-Saifan, 2012). When tourists go after the trend of B&B, the businesses perceive the need in the market and B&B is largely emerged. The integration of B&B into tourism industry domestically is influenced by two-day weekend, agricultural transformation, and changing travel styles of consumers. The number of B&B is still increasing at the moment, revealing the fiercer competition in B&B industry. The development of business model is regarded as a critical factor in successfully operating B&B. That is, B&B operators should well apply unique environmental resources and characteristics, plan different segmentation and positioning from competitors, create inimitable products and experiencing activities, and promote with effective channels and promotions (Liou, 2012).

## Literature Review

### ***B&B industry***

B&B was first developed in Germany and Australia, became popular in UK, France, and USA, and was even more soundly developed in Japan, where B&B was operated as businesses to well utilize the land and was guided with national tourism development (Leonidou *et al.*, 2013). In addition to Regulations for the Management of Home Stay Facilities, B&B in Taiwan has to follow Land Act, Fire Services Act, and Building Act, which are similar to relevant regulations in UK, France, and Japan (Mingfang, 2011). As a result, the operation of B&B in other countries is the learning subject for domestic B&B that the management regulations and operation characteristics are more or less influenced. Based on popular B&B in the US, Han & Kim (2010) divided it into Homestay, B&B, B&B

Inn, and Country Inn, which were defined as private residence and accommodation fee covering meals, and the number of rooms was the major difference. Researchers also defined B&B as small but independent private houses with business properties, which could offer 3-10 or more guests for accommodation; but, it provided merely breakfast, whose charge was included in the accommodation fee; alcohol was generally not offered, and the owner of the house might be the B&B owner who lived near the house (Abu-Saifan, 2012). Nam *et al.* (2011) defined B&B as a part of personal house being part-time operated as accommodation facility. Liou (2012) regarded B&B as temporary accommodation facility which was a part of private residence operated as “part-time business” and presented different properties from hotels; in addition to meet and exchange with tourists, they could enjoy local flavor offered by the operator, as being at “home”. Chen & Sun (2012) organized the definitions of B&B as 1. the positioning, 2. the manpower for operation, and 3. the combination with neighborhood resources. Pesonen (2012) pointed out B&B as being at beach, in mountain villages or touring spots, offering accommodation, with license, for unspecific or most tourists, providing local specialties with the atmosphere at home.

### ***Research on business management***

Based on current supply of accommodation to study the lodging, satisfaction, and attitudes of tourists towards B&B, Hu *et al.* (2012) proposed management suggestions as developing accommodation services in fringe towns. With tourist behaviors in choosing accommodation and the accommodation facilities in recreation areas as the example, Chiu *et al.* (2013) selected 22 representative factors in accommodation facilities, including attached food & drink department, design of guestrooms (lighting, ventilation, soundproof), room size, parking space, valet parking, landscape and scenery, attached entertainment equipment, image and reputation of hotel, basic equipment in guestrooms, quality and attitudes of service personnel, cleanness and health, price, attached exercise facilities, appearance and environmental design of hotel, convenient transportation, hotel size, and quiet environment. Leonidou *et al.* (2013) surveyed accommodation tourists in scenery parks with questionnaires and organized 35 factors in guests selecting hotels; with Factor Analysis, seven dimensions were extracted, covering service quality, equipment and decoration, comfort and safety, counter service, use instruction, outdoor activities, guestroom price, and convenient transportation. Han & Kim (2010) simplified 42 questions into 7 service dimensions, namely room service, service equipment, service attitudes, food & drink service, service price, service impression, and service environment. Mingfang (2011) preceded Factor Analysis of the hotel guests’ responses to the importance of selecting hotels and simplified 35 variables into 8 common factors, as paying attention to the service of food & drink personnel, space comfort, space cleanness, counter service, description of instruction, appearance of hotel, price, and convenient

transportation. In the research on hotel tourists, Gounaris *et al.* (2010) proposed the dimensions of geographic location, hardware equipment, and software equipment (activities) and included experience activities in nature, humane, and custom into the questions. Nam *et al.* (2011) evaluated B&B with 35 questions related to facilities, services, environment, and management and, with Factor Analysis, extracted four dimensions of guestroom management, recreation activities, basic facilities, and landscape planning.

### ***Key success factor***

Ruggles & Aimable (2012) indicated that Key Success Factor (KSF) (or Critical Success Factor, CSF) was an analysis to define the information demands of organizations. Vodeb (2012) quoted from Dael that information systems in a company had to be distinguished, selected, and concentrated on the success factors in the industry; most industry presented 3-6 key success factors. More research on key success factors was done after 1979 so that the opinions about key success factors became consistent. Most researchers considered key success factors as performed capabilities of assets, technologies, resources, activities, and managers (Hofer & Schedndel, 1978), with uniqueness; managers had to possess such conditions for better competitiveness and longer advantage to succeed in the industry. Tzeng & Huang (2011) mentioned that the characteristics of key success factors should be concerned when considering key success factors. According to the analyses of researchers, the common basic characteristics are organized as below: (1) Key success factors would change with time; (2) Key success factors appear differently in industries, products, and markets; (3) Key success factors would change with changing life cycle; (4) Key success factors should take future development trend into account; (5) Haste investment before understanding key success factors in certain industry would result in failure; (6) Managers should determine key success factors by focusing on specific affairs or critical tasks; (7) Managers should concentrate the management on key success factors; (8) Managers have to deeply understand key success factors and devote to them for the basis of strategy development.

## **Methodology**

### ***Delphi Method***

The AHP dimensions are established based on Delphi Method in this study. With Delphi Method, also named Expert Survey, problems requiring solutions are independently delivered to experts through mails for the opinions; the expert opinions are then organized the comprehensive opinions, which are sent back to the experts with predicted questions for further opinions; the experts would revise the original opinions based on the comprehensive opinions. Repeating such processes for several times, a more consistent prediction result is acquired for making decisions.

According to the system program, anonymous opinions are given in Delphi Method. That is, there is no horizontal discussion among experts, but merely the researchers are contacted. By repeatedly inquiring, deducing, and modifying expert opinions about the questionnaire for several runs, the basically consistent opinions among experts are organized as the prediction result. Such a method presents broad representativeness that it is more reliable.

### ***Establishment of evaluation indicator***

The questionnaires are delivered to experts in various fields through email. The first feedback organization is applied to figure out the items for the business model of B&B industry in Taiwan. Factors with similar properties are further classified into the same category for further opinions of experts. The processes are run several times through email to reach the final result, which is classified into major categories for developing key success factors in the business model of B&B industry in Taiwan in the expert conference, including facilities, service, environment & landscape, and management. Based on such key factors as the AHP dimensions, the AHP questionnaire is then established. The research principles modified with Delphi Method are listed as below: (1) Facilities: including parking space, sanitary equipment, kitchen equipment, medical treatment, drinking water, and fire equipment; (2) Service: containing meal offer, recreation resources, and cultural interpretation; (3) Environment & landscape: covering decoration & landscaping, environment & landscape, and recreation accessibility; (4) Management: containing price, advertisement, environmental health, and establishment of instruction boards.

### ***Research subject***

Aiming at B&B industry in Taiwan, B&B customers in Kenting areas are sampled for the questionnaire survey. Total 300 copies of questionnaire are distributed, and 226 valid copies are retrieved, with the retrieval rate 75%.

## Data analysis

After completing the weights in different hierarchies, the indicators are allocated based on the relative importance to present the importance of factors in the entire evaluation system. Besides, the total weights of the factors in the business model of B&B industry in Taiwan are generated, as *Table 1*.

Table 1. Total weight of factors in the business model of B&B industry in Taiwan

Dimension	Hierarchy 2 weight	Hierarchy 2 order	Indicator	Total weight	Overall order
Facilities	0.215	3	Parking space	0.039	13
			Sanitary equipment	0.034	14
			Kitchen equipment	0.017	16
			Medical treatment	0.078	5
			Drinking water	0.060	10
			Fire equipment	0.067	8
Service	0.324	1	Meal offer	0.070	7
			Recreation resources	0.102	1
			Cultural interpretation	0.091	3
Environment & landscape	0.283	2	Decoration & landscaping	0.086	4
			Environment & landscape	0.096	2
			Recreation accessibility	0.056	11
Management	0.178	4	Price	0.063	9
			Advertisement	0.026	15
			Environmental health	0.072	6
			Establishment of destination boards	0.043	12

## Conclusion

The empirical analyses in this study are concluded as following.

In Hierarchy 2, Service, with the weight 0.324 and the total weight 32.4%, is mostly emphasized among the evaluation dimensions, followed by Environment & Landscape (weight 0.283), Facilities (weight 0.215), and Management (weight 0.178). Accordingly, services are the most emphasis in the business model of B&B industry in Taiwan. In Hierarchy 3, the weights of evaluation indicators are orders as below: (1) The evaluation indicators in facilities are ordered medical treatment, fire equipment, drinking water, parking space, sanitary equipment, and kitchen equipment; (2) The evaluation indicators in services are ordered recreation resources, cultural interpretation, and meal offer; (3) The evaluation indicators in

environment & landscape are ordered environment & landscape, decoration & landscaping, and recreation accessibility; (4) The evaluation indicators in management are ordered environmental health, price, establishment of instruction boards, and advertisement. From the total weights of evaluation indicators among the key success factors in the business model of B&B industry in Taiwan, the top 5 evaluation indicators contain recreation resources, environment & landscape, cultural interpretation, decoration & landscaping, and medical treatment.

### ***Recommendations***

According to the conclusion, the following suggestions are proposed in this study, expecting to provide definite guidance and directions for the business model of B&B industry in Taiwan: (1) According the research results, the asset resources and the special resources of B&B should be first realized and cultivated before operating B&B. The research results show that most key success factors in B&B operation focus on asset resources (recreation resources, environment & landscape, decoration & landscaping, medical treatment). In addition to existing tangible asset resources, intangible assets like cultural interpretation need to be long-term accumulated and constructed. The existing tangible asset resources should be realized before operating B&B, and intangible assets are generated after professional operation, i.e. to transform into intangible assets of word-of-mouth brand reputation, service quality, or customer return; (2) B&B operators are suggested to actively understand the asset resources and construct the special capability and develop management strategies by the combination of special capabilities and asset resources to further create competitive advantage. Unique asset resources can be properly allocated by the development of special capabilities that B&B operators have to cultivate the special capabilities to combine with asset resources so as to create the competitive advantage; (3) The number of visitors to Kenting is increasing in recent years, but there is still a big difference between high season and low season. It is in the low season most of the time, except summer, weekend, and summer vacation, which can be observed from the occupancy of B&B. B&B industry in Kenting therefore relies on the overall marketing of local government to expand the customers and balance the difference between high and low seasons. The government could hold regular and large tourism activities to attract visitors, but the comprehensiveness of activities, the capacity of tourism facilities, and the number of people and cars for large activities need to be taken into account; or, proper promotion aiming at different visitors could be further planned. In other words, when making tourism policies, sound and comprehensive strategies should be matched to sustainably promote Kenting and enhance the economic output. Moreover, local accommodation and travel agents could be combined to match local tourism resources with local marketing strategies, and the tourists' image of local tourism could be reinforced. When marketing and holding activities, local government should take local characteristics



into considerations, plan long-term and continuous topics and development strategies, and consider the time and space allocation of visitors in order to achieve the highest efficiency.

## References

- Abu-Saifan, S. (2012). Social Entrepreneurship: Definition and Boundaries. *Technology Innovation Management Review*, 2012: 22-27.
- Chen, T., & Sun, K.S., (2012), Exploring The Strategy to Improve Senior Citizens' Participations on Recreational Sports. *Knowledge-Based Systems*, 26, 86-92.
- Chiu, W.Y., Tzeng, G.H., & Li, H.L., (2013), A New Hybrid MCDM Model Combining DANP with VIKOR to Improve-Store Business. *Knowledge-Base Systems*, 37, 48-61.
- Gounaris, S., Dimitriadis, S., & Stathakopoulos, V. (2010). An examination of the effects of service quality and satisfaction on customers' behavioral intentions in e-shopping. *The Journal of Services Marketing*, 24(2), 142-156.
- Han, H., & Kim, Y. (2010). An investigation of green hotel customers' decision formation: Developing an extended model of the theory of planned behavior. *International Journal of Hospitality Management*, 29(4), 659-668.
- Hofer, C.W. & Shendel (1978). *Strategic Management and Business Policy*. McGraw-Hill Book Co.
- Hu, Y.C., Wang, J.H., Wang, R.Y., (2012). Evaluating The Performance of Taiwan Homestay Using Analytic Network Process, *Mathematical Problems in Engineering*, 2012, article ID 827193.
- Leonidou, L. C., Leonidou, C. N., Fotiadis, T. A., & Zeriti, A. (2013). Resources and capabilities as drivers of hotel environmental marketing strategy: Implications for competitive advantage and performance. *Tourism Management*, 35, 94-110.
- Liou, J.J., (2012), Developing An Integrated Model for The Selection of Strategic Alliance Partners in The Airline Industry. *Knowledge-Based Systems*, 28, 59-67.
- Mingfang, Z. (2011). Examining the structural relationships of tourist characteristics and destination satisfaction. 2010 International Conference on E-business. *Management and Economics*, 3, 187-191.
- Nam, J., Ekinci, Y., & Whyatt, G. (2011). Brand equity, brand loyalty and consumer satisfaction. *Annals of Tourism Research*, 38(3), 1009-1030.
- Pesonen, J.A. (2012). Segmentation of rural tourists: Combining push and pull motivations. *Tourism and Hospitality Management*, 18(1), 69-82.
- Ruggles, B.O., & Aimage, E. (2012). *Travel & Tourism Economic Impact 2012 World*. London: The Authority on World Travel & Tourism.
- Tzeng, G.H., & Huang, J.J. (2011). *Multiple Attribute Decision Making: Methods and Applications*, Boca Raton, FL: CRC Press.
- Vodeb, K (2012). Comptition in tourism in terms of changing environment. *Social and Behavioral Sciences*, 44, 273-278.
- Wu, S.I., & Lu, C.L. (2012). The relationship between CRM, RM, and business performance: A study of the hotel industry in Taiwan. *International Journal of Hospitality Management*, 31(1), 276-285.