

Discussion on Foreign Tourism Enterprises Enter into China--Focus on Hospitality Industry

Qianru Zhao

Shanxi Technology and Business College, Taiyuan, Shanxi, 030036, China
qianruzhaoy@163.com

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Abstract: Two significant incidents have affected foreign travel to China. The opening-up policy allowed a significant influx of international businesses into China in 1978. Around this time, China's tourism business started to take off. The World Trade Organization welcomed China as a member on December 11, 2001. As a WTO member, the Chinese government not only exercises its rights but also accepts its responsibilities. Joining the WTO has both positive and negative effects on the development of foreign tourism businesses in China. The project will thereafter concentrate on the hospitality sector to give information about foreign tourism firms entering China.

1. Introduction

Since the founding of the People's Republic of China, the American economic blockade and planned economic sanctions have seriously impacted China's economy. During this time, there has largely been no foreign enterprise in China, and the original foreign enterprises have left the Chinese market. However, in 1978, as a result of the opening-up policy, a significant number of foreign enterprises entered China.

Hospitality industry is one of the earliest opening up industries in China. Since the 1980s, some foreign capital had poured into China's hotel industry[1]. As for present, there are a lot of Chinese hotels, which are in the charge of alien companies. And to import the advanced management from the foreign hotel group is an indispensable step in the growing process for China's hotel industry. The foreign management hotel is mainly about the hotel, located in China, and is owned by foreign-only, Sino-foreign or Sino-only with being managed by foreign company. Because the foreign hotel management was established early, and was under scientific management, it had made an advanced management system and mode of business operation, which are big fortunes. Now Chinese hotels are in the fast growing process[2]. Only under the advanced management conception and the fast developing tourism market in China, the hotel in the charge of alien could provide a better service for the foreign customer, from which they could feel a sense of sweet and safety. Thus, many middle-ranked and senior hotels of China had chosen the management from the foreign hotel management group. Meanwhile, this kind of hotels had made an excellent performance in China.

1.1 A Brief History of Foreign Hotel Industry Enter into China

In 1979, Beijing Jianguo hotel ----the first Sino foreign joint venture hotel was established.

In January 1981, Bamboo Gardon Hotel, the first Chinese-foreign joint venture hotel, opened in Guangdong province.

In March 1982, Beijing Jianguo Hotel, the first China and US joint venture hotel opened.

On April 28th 1982, Hong Kong peninsula management group provide a 40 people management team to help Beijing Jianguo Hotel operate hotel business.

In 1984, Holiday Inn and Shangri-La entered China market.

In 1985, Accor entered China market.

In 2003, the top 10 International Hotel Group have all entered China market (including InterContinental Hotels Group, Wyndham Hotel Group, Hilton Hotels Crop, Marriott International, Accor Crop, Choice Hotels International, Best Western International, Star Wood Hotels and Resorts Worldwide, Carson Hospitality and Global Hyatt Hotels and Resorts).

1.2 The Recent Performance of Foreign Hotel in China

During 30 years development, Chinese hotel industry has been in the era of the independent brand from introduction and imitation, and quickly arrived to the international standard.

At present, China's urbanization process has entered the second rapid development period, there are so many international hotels has developed in the first line city such as Beijing, Shanghai, Guangzhou; and began to expand to the nearby cities as Foshan, Ningbo. The international hotel will continually increase as the development of urbanization in the 10 years.

Nowadays, the performance of international brand in the Chinese hotel market can reflect in three aspects: hotel brand diversification, international brand localization and characteristic service marketization.

1.2.1. Hotel Brand Diversification

Hotel industry is one of industries first open to foreign investment, the development is extremely rapid. Since 1979, the first Sino foreign joint venture hotel----Beijing Jianguo hotel established, now there are 67 International Hotel Groups' 41 brands have entered China.

When international hotel brands to enter China, the first consideration is whether the hotel brand is suitable for the Chinese market, rather than just blindly promote high-end luxury brands. Take the development of InterContinental Hotel group in China as an example, we can see that the process of introducing its brand into China is "take a step, see a step", the first is the Midscale (Holiday Inn), then is the upscale (Crowne Plaza), and finally is the luxury (IHG) and low-end (Smart Choice).

On the other hand, the international hotel group in China will be based on the characteristics of the Chinese market planning and layout[3]. The city's business environment competitiveness, population size, the degree of traffic development, the level of consumption of local residents and the development level of the surrounding urban agglomeration, all are the key factors to choice the International Hotel location.

Nowadays, it is very common that there are several hotel brands within the same group in one city. Fox instance, Ningbo has six Howard Johnson Hotel, Guangzhou has three Crowne Plaza Hotel, 2 Holiday Hotel, Foshan has one intercontinental hotel, one Crowne Plaza Hotel, and Zhongshan has one Crowne Plaza Hotel. And there are also another phenomenon is that a hotel group will open two brands at the same time in a city, such as Hangzhou Crowne Plaza Hotel and Smart Choice Hotel[4].

Whatever, more and more international brand enter into China; more and more new brand

emerge in Chinese hotel market.

1.2.2. International Brand Localization

With the rapid development of China's hotel industry, China's hotel market has been transformed from a seller's market to buyer's market, the international hotel group is in the trouble of low occupancy rate cause the rapid expansion, and the phenomenon of hotel homogeneity is becoming increasingly serious, which makes the international hotel group have to think again about the brand's adaptability.

In order to better integrate into the Chinese market, more and more international hotel brand to "localization" to find a breakthrough, have launched "Chinese manufacturing (Made in China)". This innovation is only for China. For example, the first two world's largest hotel tycoon -- Accor Group and InterContinental Hotels Group in the China market launched their new sub brands with Chinese characteristics, in order to attract tens of thousands of Chinese tourists.

Whether the foreigner or oversea Chinese, they both focus on the second line or third line city to develop localization because degree of competition between the international hotels brand is not so high[5]. At the same time, the local government and the passengers are more willing to accept the "etiquette and hospitality of the Chinese".

1.2.3. Characteristic Service Marketization

The well-known hotel brands have certain features in common, namely market visibility and reputation, customer loyalty and associate degree, enterprise efficiency and dilate. But the differences unlike other brands are the personality of the brand, which is the "characteristic service". More than a decade ago, the earlier research of the hotel to sum up the brand personality of the international hotel brand, which is often said that the characteristics of our products - Holiday Inn's "Warm", Hilton's "Fast", Mandarin Oriental Hotel's "Feeling", Sheraton's "Value". Warm, fast, feeling, value - these four words once became the target of the Chinese hotel industry

Innovation is one of the core competitiveness of the international hotel brand; its sustainable development depends on its strong innovation ability. And the innovation of characteristic service has played a key role in shaping the brand image of the hotel. The international brand hotel is committed to providing excellent service and the hotel's characteristics. China's market is becoming more and more important, so more and more unique features are designed for the Chinese market.

On July 11, 2011, Starwood Hotels announced to execute personalized tourism projects, require some hotel provide a series of special services for Chinese tourists, including offered new dishes and food, equipped with electric kettle and a pair of slippers, provided translation services. All of the hotels will start recruiting at least one Chinese speaking staff; the customers will receive a welcome letter in the Chinese.

On the same day, Hilton announced that the "Holton Welcome project" will be fully implemented, the hotel can choose to participate or not. The hotels Participate in the project (currently has 30 about) must be equipped with a Mandarin fluent front desk staff and opened a Chinese TV television, still need to provide service of complete Chinese style breakfast, including snacks, porridge and fried fritters.

The success of the international hotel brand developing in China finally let the Chinese people understand that the original HOTELCHAIN (hotel chain) is such a thing - group, brand and chain; and chain is the core of its characteristics. In the stimulation by the growing number of international hotel brands to enter the Chinese market, the brand consciousness of Chinese person is more and more intense. How to treat the increasing international hotel at a correct attitude? We need to learn from others' strong points and close the gap, and have the mind to modest learning their theory and

technology, use the development vision and the innovative courage to practice in China hotel industry.

2. The Revelation to National Hotel

2.1. Define Brand Positioning and Personality

International hotel group always provide different brand for different consumers according to their requirement. From economic to luxury, they offer unique service for customers in every market segment, thereby; they share a large market in China. Nowadays, for the demand our customer is more and more distinct, it is a key for hotel sustainable development to define the brand position and provide special and professional management and service.

2.2. Create Diversified Brand to Promote Expansion

International hotel groups not only develop their own brand, but also expand the single brand to multi-brand from purchasing, merger and strategic alliances. It is a good way to decentralize single market risk and expand market share.

2.3. Focus on Extension and Innovation of Brand Connotation

The development of international hotel proves that the brand operation is tightly connected to enterprise development. In order to continually create more space to development, the extension and innovation for brand connotation is very important. Face to the competition, the national hotel group also needs to innovate to adapt the multiple market demand.

2.4. Efficient Allocate Required Resource for Brand Management

The international hotel often expend based on resource aggregation and optimal configuration. Learn from them, the national hotel group has two ways to deal with the lack of resource: one is external introduction, the other is internal exploration. The key of brand competitiveness is not more resource but the ability to allocate resource efficiently. Many hotels only have the core resource like brand property, and for the other resource, they use outsourcing so that they can get big market share at a low cost but high efficiency.

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