

# *Opportunities, Strengths and Measures for China's Hotel Brands to Go Global in the Context of “The Belt and Road”*

Yu Liu

Humanities and Social Sciences college  
Yunnan Agricultural University  
Kunming, Yunnan, China  
2631551031@qq.com

Hao Lin\*

International Business School Yunnan University of  
Finance & Economics  
Kunming, China  
912719112@qq.com

**Abstract**—China's hotel industry grows rapidly under the guidance of China's open-door policy, in the context of “The Belt and Road” development, China's hotel industry gets a great opportunity to enhance its international competitive capability in the global market. This paper analyzes some existing problems in China's hotel expansion and puts forward some proposals to solve these problems, and develop China's hotel brands.

**Keywords**—*The Belt and Road; China's hotel bands; development*

## I. INTRODUCTION

“The Belt and Road” covers more than 68 countries, 65% of the world population and 40% of global GDP as of 2017 [1]. Tourism cooperation is considered to be an effective way to eliminate differences, strengthen close relationships, and enforce cooperation at various aspects, such as in business, education, transportation, finance, infrastructure, etc. among countries and regions along “The Belt and Road” [2].

Now, China has become the largest tourist source country in Thailand, Vietnam, Singapore, Indonesia, Russia, Cambodia, and the Maldives, which has made the greatest contributions to the development of the local economies. More than 1/3 countries covered in “The Belt and Road” offer visas and visa arrivals for tourists from China. Meanwhile, inbound tourists from “The Belt and Road” countries also increased by 50% in 2016 [3].

China's hotel industry already has the ability to participate in international competition. With the changes in the pattern of economic globalization and China's overall economic strengths and remarkable improvements in people's living standards, as well as the tourism development, hotel brands in China ushers in a positive opportunity for development in the world economy.

“The Belt and Road” policy will drive the development of China's hotel brands throughout countries and regions along “The Belt and Road” as well as the development of the hotel industry's capital market.

## II. OPPORTUNITIES FOR CHIAN'S HOTEL BRANDS TO GO GLOBAL

### A. China's Tourism in Outbound Develops Fast

China is the largest and fastest growing source market for tourism, and it has been the world's top spender in international tourism since 2012, still growing at a rapid pace, for the whole year of 2017. The total number of outbound tourists was 130.51 million, an increase of 7.0% over the last year [4]. Chinese travelers spent USD 258 billion on travel abroad in 2017, consolidating China's leading position as the biggest spender in the world [5]. By 2017, data cumulated for the most recent three years showed that the bilateral tourists for China and countries along “The Belt and Road” reached a headcount of 110 million, in which Chinese tourists traveling outbound were 55 million. Meanwhile, the total amount of bilateral trade services reached a value of USD100 billion.

### B. China is Putting Forward Efforts to Strengthen Transportation in the Countries and Regions along “The Belt and Road”

Transportation is the basic condition for tourism, which helps tourists move from a place to destinations by means of railway, water, road or air. It is a prerequisite for the development of tourism. In general, the transportation situations along “The Belt and Road” are good and transportation is developing rapidly in the developing countries [6]. In the recent years, Chinese government puts in enormous efforts to modernize transits by promoting high-speed rail, developing new air routes, and developing ocean shipping technologies in corporation with countries along “The Belt and Road”.

### C. The Economic Potential in the Countries and Regions along “The Belt and Road” is Great in General.

The GDP of most countries along “The Belt and Road” showed an obvious increasing trend in recent years, and the overall economic level and tourism revenue of the countries along the route went up, creating great space for the service industry such as hotels in Singapore, Russia, India, Indonesia,

---

\*Corresponding author

United Arab Emirates, and Saudi Arabia that are mature in the area of direct foreign investment [7].

#### *D. China's Hotel Industry Develops Fast.*

China's hotel industry grows rapidly in numbers and qualities. There are more and more professional hotel management groups emerged, and ranked top hotel management group in the world, such as China Shanghai Jin Jiang International Hotel Group Co., BTG Homeinns Hotels Group, China Lodging Group, they all ranked the top 10 hotels of the world hotels group.

#### *E. There are Big Markets for China's Hotel Brands in the Countries and Regions along "The Belt and Road".*

So far, there are few Chinese hotels brands known in the countries or regions along "The Belt and Road". In some traditional tourist hot spots, there are large numbers of hotels with international hotel brands, such as: Thailand, Singapore, or Malaysia, etc., however, there are many potential tourist hot spots, such as Vietnam, Czech Republic and Hungary etc. that are still scarce in terms of the number of international hotel brands, some of them with lower level of hotel investment [7].

### III. STRENGTHS OF CHINA'S HOTEL BRANDS GOING GLOBAL

#### *A. China's Hotel Brands have been Developing Fast and Reached Standardization and Internationalization.*

In China, the hotel industry is one which is compatible with international standards compared with other industries of China. It has completed the fast development of modernization, internationalization and standardization in a few decades since 1978 under the guidance of the reform and open-door policies, as promoted by the Chinese Central Government for the purpose of economic growth. China's hotel industry has made great progress by the introduction and implementation of new and advanced models in hotel investment, financing, operation, marketing strategy, and brand expansion etc. learning from international hotel corporations.

Objectively, although there are negligible gaps between China's hotel brands and international brands on operation and finance figures in the Chinese region, China's hotel brands have significant advantages in operation and management of tangible or intangible assets compared with hotels in the countries and regions along the route.

Furthermore, most of key positions in international brand hotels in China are taken by local Chinese talents. Thus, all of these provide the critical and most important technical conditions for China's hotel brands entering into the destination countries and regions along "The Belt and Road".

#### *B. The Amount of Tourism Investment is Increased*

China's tourism investment also continued to grow strongly, in 2016, the total direct investment in tourism reaching 1299.7 billion RMB Yuan, at an increase of 29.05% over the same period of last year, and private investment was particularly prominent, accounting for 59% of the total investment in

tourism [8]; China's direct investment in overseas reached US\$1.62 billion in 2016, an increase of 124.8% over 2015 [9]. At the same time, Chinese investment in the countries and regions along "The Belt and Road" also increased. For example, at the end of 2016, China's direct investment stock for countries along the "Belt and Road" was US\$129.41 billion, accounting for 9.5% of the total direct investment overseas from China [9]. In 2017, China's investment in the accommodation and catering industries located in ASEAN countries increased by 49.3% compared to 2016 [10]. Investment by multiple investment entities and diversified investment models grew, and expanded at different investment regions. Overseas investment in hotels becomes a prevalent way to diversify risks effectively, increasing the efficiency of capital turnover and easing pressure on funds.

#### *C. China's Hotel Brands Expanded by way of Acquisition in Overseas.*

Along with China's development as the top country of tourist's resources for global tourism, China's hotel entrepreneurs note that the volume of tourism flow in host countries can bring market shares and profits as generated by brands going global in the tourist destinations [11]. So far, acquisitions are the primary mode of overseas expansion adopted by China's hotel industry in acquisition of property or brand, different from the traditional mode adopted by international hotel group's marketing expansion in China. Macau Legend Development Limited acquired the Savan & Casino in Savannakhet, Laos, for USD42m and took over on 7th September 2016 [12]; Jin Jiang Group acquired Europe's second-largest budget hotel chain from US-based Starwood Capital, France's Louvre hotel in excess of \$1.49 billion, which has more than 1100 branch hotels under its flag all over the world and Kai Yuan Holdings Ltd., set the record of 344.5 million Euros (\$468 million) for the acquisition of Marriott Champs-Elysee in Paris, etc [13].

#### *D. China's Hotel brands are Rich in the Resources of Chinese Culture.*

Chinese culture resource is unique and well-known in the world, which provides the bases for attracting tourists from all over the world to feel the charm of Chinese culture while staying at Chinese hotels oversea. Chinese culture is one of the most important and competitive parts of China's hotel brands. Chinese cuisine as an important part of the Chinese culture has remarkable reputation in the world with its nice color, smell and taste, as well as the meaning and nutrition of the food. All of these, Chinese cultural elements integrated and transformed into Chinese hotel products will create unique and competitive features for China's hotel brands.

#### *E. Some Hotel Brands Initiate its Brands Outbound.*

Hotel entrepreneurs develop hotel brands by aiming at developing different market segments. They integrate hotel business not only by asset acquisition and obtaining ownership of property but also by way of brand expansion. Hotel brands, such as Dossen Hotel Group exports its brands in Seoul (South Korea), Malacca (Malaysia) and the cities of Bandung and

Jakarta (Indonesia) [14]; Wanda Group started its first overseas hotel brand in 2017 with the Wanda Vista Istanbul Hotel in Istanbul, Turkey, in the luxury segment [15]. GreenTree Hospitality Group Ltd. Also successfully deployed in Bangladesh, South Korea, Vietnam and other countries [16].

*F. Plate-forms from Various Organizations are Positively Promoting the Hotel Industry Expansion.*

Effective cooperation and group work for commercial organizations in countries and regions along “The Belt and Road” have been carried out for many years in the field of travel agencies, transportations, restaurants, amusement, and information etc. Recently, different cooperation mechanisms of tourism have been established and deepened between China and other countries by way of such tourism cooperation zones between China and Laos, China and Burma, China and Vietnam that focus on aspects of public service, multinational self-driving road, safety management [17]. Policies, measurements and information service platforms etc. are promoted by mutual governments and enterprises, positively speeding up the deep cooperation among the countries and regions located along “The Belt and Road”. Chinese Ministry of Industry and Information Technology and the China Council launched a special campaign to support small and medium-sized enterprises to participate in “The Belt and Road” initiative [18]; Ctrip, one of the leading online travel agencies in the world that is based in China, recently expanded its market fast in countries along the route, setting up wide cooperation with independent hotels located in this area, as well as international hotels in Thailand, Spain, Singapore, Australia etc [19].

#### IV. OBSTACLES AND CHALLENGES

*A. Complicated Issues and Various Risks*

Due to the huge differences in economy and culture among the countries along “The Belt and Road”, as well as the complicated geopolitics, high investment potential countries with opportunities for investment or cooperation have high uncertainties and risks with low internationalization level.

When China's hotels start cooperation with parties in the countries and regions along the route, it will face more complicated issues and various risks because of these countries' own mechanisms, technologies, and internationalization capacities, international cooperation for China's hotel industry is full of challenges. Various types of overseas risks and lack of risk control will be a long-term existence for the hotel industry in the “Belt and Road” countries. Political turmoil, weak economic foundation, political risks, economic risks and religious risks may overlap, making hurdles for China's hotel brand expansion overseas. Therefore, risk assessment and prevention and control system construction need to be set up and strengthened [7].

*B. Shortage of Talents with International Marketing Perspective*

Problems encountered by China's hotel brands going global are, to a large extent, related to the shortage of talented people

with a global market perspective, especially the lack of talented people, who can understand the local culture and serve the local guests in the countries along the route.

Brand expansion to multi-nations will involve various countries' laws, currency exchange rates, accounting systems, and various complex issues. Only when the hotel industry has a complete talent team that is familiar with international market analysis, specifically in business rules, laws and regulations, investment and financing management, and project management etc. in the countries and regions along the route can there be in an intricate international market.

*C. Ineffective Operation After Acquisition of Brand Expansion.*

The inability to fully develop and use the acquired hotel assets in oversea countries is a problem faced by the hotel brand expansion. Anderson indicated that after a China's firm acquired a hotel in USA, European Union and Japan, they encountered the problem of making full use of the assets, especially on business strategy [20].

#### V. MEASURES

*A. Actively Using External Forces to Achieve Win-Win Cooperation.*

For China's hotel industry, it is important to adhere to the concept of cooperation and win-win, which means to cooperate with powerful local companies, well-educated international companies, and related financial institutions etc. to avoid political, legal, economic, foreign exchange, and public security risks. Meanwhile, increasing awareness of corporate social responsibility is important.

It is necessary to put efforts into procuring local resources, such as: employing local citizens as much as possible, protecting local environment, striving for the support of local people and societies etc., so that Chinese hotels' reputation is improved through good local friendship and high-quality service.

*B. Improving Brand Risk Assessment and Control and Strengthening Risk Precaution System.*

In order to cope with and reduce various risks that may exist in the process of hotel brand expansion, it is necessary to make further studies on the current situations of the world, as well as people's sentiments in the countries along the route. The assessment of investment risks and the specific selection of cooperation program should be conducted scientifically and carefully in the precondition stage.

*C. Upgrading Hotel Talented People Training Program on the International Business Perspective.*

Talented employees with global market perspective are the critical factors affecting hotel growth. Although talents could be recruited from many resources, regardless of their origin place, the talents training programs in Chinese universities and schools with majors of hospitality or tourism are still the basic means of providing professional employees. Therefore, the

courses, curriculum and talent training programs in universities and colleges with majors of hospitality and tourism should be upgraded in international perspective points and views.

#### *D. Enhancing the Development and Management of China's Hotel Brands.*

Hotel brand is not only important to the capital appreciations of hotels but also a major approach to promote hotel expansion in market. Internal management and external transaction are two strategies hotels can adopt to improve its intangible assets. For China's hotel brands, internal strategy relies on strengthening quality management, increasing visibility, and maintaining the customer's loyalty to the brands; the external transaction strategy should pay high attention to the optimization of resource allocation during the expansion, the activation of tangible assets, and the conscious of light capital expansion.

#### *E. Be Rational to Hotel Investment.*

Chinese hotel investor's investment in countries and regions along the route should be rational. It is necessary to assess the investor's strength, weakness and challenges comprehensively, conduct market research carefully, and choose the project properly. Generally speaking, risk resistance in the hotel industry is low. It depends on the country's social environment a lot, and the return of hotel investment takes long period to refund. Moreover, investors' investment motivation directly determines the future and development of the hotel.

### VI. CONCLUSION

"The Belt and Road" covers the four major civilization regions of the east and the west, connecting the world's major tourist destinations. The scale of international tourism in the countries and regions along the route accounts for about 70% of global tourism [21]. Against such a background, China's hotel industry as part of global tourism, obtains opportunities to fulfill the vitality, which requires it to grow up quickly and go global to take part in the competition in the global market. The measures and solutions suggested above will help with the improvement of competition abilities in the world hotel market. Now, it is a critical transition point for China's hotel industry to develop and mature.

### ACKNOWLEDGEMENT

Thanks very much for all members who gives great help on completing this paper, especially to International Business School, Yunnan University of Finance & Economics.

### REFERENCES

- [1] "What to Know About China's Belt and Road Initiative Summit", Time. Retrieved 2018-05-28.
- [2] James Griffiths, "Just what is this One Belt, One Road thing anyway?," CNN. Retrieved 2018-04-20
- [3] Ministry of Cultural and Tourism of the People's Republic of China, "Countries along 'The Belt and Road' have become the main force for the growth of China's inbound and outbound tourism"
- [4] Ministry of Cultural and Tourism of the People's Republic of China, "Annual Tourism Market and Comprehensive Contribution Data Report for 2017", Retrieved 2018-4-27.
- [5] UNWTO World Tourism Organization, "Strong outbound tourism demand from both traditional and emerging markets in 2017", Retrieved 2018-5-3.
- [6] Dong Suochen, Hao Cheng, Peng Guo, Fujia Li, Yu Li, Zehong Li, XiaoxiaoZhang, "Transportation Industry Patterns and Strategy of The Belt and Road", Bulletin of Chinese Academy of Sciences, Vol. 6 (June), pp. 663-P670.
- [7] Huiming Gu, Wei Huang, Hui Jia, "What is the potential for hotel investment in countries along the 'The Belt and the Road' route?," MEADIAN, Retrieved 2018-04-3.
- [8] Jinzao Li, "Actively Implementing the 'Three-Step Strategy' and Struggling toward the New Goal of China's Tourism Development", 2017 National Tourism Work Conference in Changsha City.
- [9] Ministry of Commerce of the People's Republic of China, "2016 Statistical Bulletin on China's Outward Foreign Direct Investment", Retrieved 2018-04-28.
- [10] Ministry of Commerce of the People's Republic of China, "ASEAN is becoming China's investment focus on service industry in 'One Belt and One Road' ", Retrieved 2018-05-30.
- [11] X. Li, S. Huang, and C. Song, "China's outward foreign direct investment in tourism", Tourism Management, 59 (April), pp.1-6.
- [12] Stockatar, "Macau Legend: Reduce, 1Q16miss; expanding into Laos", Retrieved 2018-04-20.
- [13] MINGTIANDI, Asia Real Estate Intelligence, "China's Sunshine Insurance Buys Sydney Sheraton Hotel for \$401M", Retrieved 2018-04-10.
- [14] Business Traveler Asia Pacific, "Dossen Hotel Group plans global expansion" Retrieved 2018-4-22.
- [15] Wanda, "Wanda luxury hotel brands expand overseas", Retrieved 2018-4-22.
- [16] Travel Daily, "GreenTree alliance with Korea HAJIN Development Company to accelerate expansion in overseas market", Retrieved 2018-4-22.
- [17] Belt and Road Portal, "Taking 'The One Belt and Road as a change point, Yunnan pragmatically promotes cross-border tourism cooperation", Retrieved 2018-4-22.
- [18] Belt and Road Portal, "The Secretary of SMEs explains the 'Notice on Support SMEs Participating in the Belt and Road Initiative' ", Retrieved 2018-4-22.
- [19] Finance.ifeng, "Nuggets 'The Belt and Road', Ctrip expanding hotel eco-sphere, Retrieved 2018-04-25.
- [20] J. Anderson, and D. Sutherland, "Entry mode and emerging market MNEs: an analysis of Chinese green field and acquisition FDI in the United States", Research in International Business and Finance, Vol. 35 (September), pp. 88-103.
- [21] Belt and Road Portal, "International tourism along 'The Belt and Road' accounts for 70% of global tourism", Retrieved 2018-05-29.