

Press Release

21 December 2016

PolyU Study Finds Mainland China Lagging in Hotel Theming

Chinese hotels are a long way behind their Western counterparts in developing themed hotels to differentiate themselves in a highly competitive market, suggest Postdoctoral Fellow Philipp Wassler and Associate Professor Kam Hung of the School of Hotel and Tourism Management (SHTM) at The Hong Kong Polytechnic University and a co-author in a recently published research article. By investigating the views of hoteliers from the Chinese mainland, the researchers offer an insightful perspective on the possibilities for hotel theming in the country, identifying various opportunities for themed hotels to gain competitive advantages.

The researchers situate their study in the context of a rapidly growing tourism market in China that has prompted a more than US\$44 billion increase in investment over the past five years. This has resulted in increased competition among hotels, exacerbated by the government's recent loosening of control over foreign chains. At present, locally owned hotels are considered to be "significantly weaker" than international hotels, they note, and while some have sought support from international chains, many independent hotels are struggling to survive.

A particular problem, according to the researchers, is that many domestic hotels lack "sophisticated marketing practices": they are stuck with undifferentiated products and services and poor brand development, and thus fail to capture a specific market segment. The researchers were thus interested in investigating whether Chinese hoteliers might be able to gain a competitive edge by introducing niche marketing in the form of hotel theming.

Themed hotels are widely used as marketing tools in the West, the researchers point out, most notably in locations such as Disney theme parks and casino resorts such as Las Vegas and Atlantic City. In a themed hotel, the design, décor and facilities, staff, service and activities, are all based on a "unique and strong theme" that provides a memorable experience. Themes may be based around a country or location, or more specific themes such as sports, nature, cartoons and celebrities.

Although China does have some themed hotels, they are far less common than in the West. The researchers were interested in finding out what tourism practitioners think about the "reality of hotel theming in China", their perceptions of the "opportunities, challenges, and added market value" theming presents and whether it has a future in China.

To solicit the views of tourism practitioners on theming, the researchers invited 41 students from a graduate-level hospitality and tourism marketing class comprising mainly mid- to upper-level managers, senior executives of hotel groups and hotel owners to take part in seven group interviews. During the interviews, those in the class without work experience asked the hoteliers nine questions about their understanding of hotel theming, examples of hotel themes in China, the advantages and disadvantages and the prospects and future directions of theming in China.

The hoteliers were able to identify only a few examples of successful theming in China. Most involved hotels that based their theming on nearby scenic sites and local culture. However, an interesting example was a Buddhist themed hotel in Shenzhen, where guests were made to feel as though they were living in a temple – the staff and managers dressed as monks and were said to be “living like nuns”. Other examples of successful theming were related to foreign-themed hotels, such as the recently opened Disney resort and the Armani hotel in Shanghai.

Although they identified a few success stories, the hoteliers noted that whereas successful foreign-themed hotels focus on intangible assets, Chinese-themed hotels limit their theming to easily copied tangible assets such as the hotel décor and staff clothing. One hotelier gave the example of a chess-themed hotel that “focused heavily on the interior design”, but was regarded as unsuccessful because the employees had “no idea about how to even play chess”.

Another difference the hoteliers highlighted was that Chinese tourists tend to favour “futuristic and foreign-themed hotels”, whereas foreigners prefer “retro-style” themes based around traditional Chinese culture. A similar difference was noted between rural Chinese tourists who prefer modern themes, and those from the cities who prefer a “more nostalgic and simpler design”.

Through analysing the hotelier responses, the researchers identify various facilitators that could encourage Chinese hotels to adopt theming and gain a competitive advantage. The strongest facilitator is China’s valuable culture, particularly its “diverse local cultures”. These cultural differences offer an opportunity for hotels to differentiate themselves by using, in the words of one participant, the specific “religious, ethnic, regional, and historical traits of a particular area”, combined with local food, music and decoration. The hoteliers agreed that Chinese hoteliers have not yet realised the enormous potential of hotel theming based on local culture, even though, ironically, hotels in various other countries have capitalised on it by opening Chinese-themed hotels.

The researchers point out that opening a local culture-themed hotel could “attract many potential guests” and would be hard to duplicate because hotels in other areas do not have access to the same products. Employing local staff who represent the local culture without the need for “cultural adaptation or extra training” would be another advantage.

By adopting a local theme, hotels could help to “preserve the local cultural heritage” and act as “cultural ambassadors”. A local theme would also be more environmentally friendly, with the use of local materials, which tourists regard as having greater “authenticity”.

Another facilitator of hotel theming is the recent shift in the hotel market. Until recently, business travellers and government officials were hotels’ main customers, but the leisure market is taking an increasing share. The researchers note that this change could provide an opportunity for some hotels to use theming to “target the new and younger niche markets”. The government may even facilitate hotel theming, such as by providing tax benefits, if the theme promotes Chinese culture.

When asked to identify the inhibitors of hotel theming, the hoteliers focused on two main issues. The first was the risk-averse nature of Chinese business culture. They regarded hotel theming as a “high risk” strategy requiring long-term investments and “precise targeting” of a niche market.

Chinese hoteliers “lack patience”, they said, not being prepared to give up immediate gains for potential long-term gains.

The second issue was the “less adventurousness” nature of Chinese tourists compared with Western travellers. Although overseas visitors might be prepared for “sleeping in trees, capsule hotels or prison hotels” – experiences rather than services – Chinese travellers prefer more traditional, “less exotic” hotels, the participants opined.

Drawing on the hoteliers’ predictions of trends, the researchers identify future development directions. There will be increased competition amongst theme hotels, they note, with more innovative practices needed. Superficially themed hotels will fail and government regulation will be imposed on the scope of theming. Hotels emphasising “unique cultural or geographical position” will succeed. Those hotels using Chinese themes when appealing to foreign and urban Chinese guests will be particularly successful, as will those using futuristic and foreign cultural themes when appealing to rural Chinese guests.

Ultimately, the researchers argue, “cutthroat competition and the new political environment in China’s hotel market will force Chinese hoteliers to study original practices and consider hotel theming”. The onus is now on hoteliers to act.

Wassler, Philipp, Li, Xiang (Robert) and Hung, Kam. (2015). Hotel Theming in China: A Qualitative Study of Practitioners’ Views. *Journal of Travel & Tourism Marketing*, 32(6), 712-729.

Press contact : Ms Pauline Ngan, Senior Marketing Manager
School of Hotel and Tourism Management

Telephone : (852) 3400 2634

E-mail : pauline.ngan@polyu.edu.hk

Website : www.polyu.edu.hk/htm