

US hotels don't understand Chinese tourists, study says

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Hotels in the U.S. that want to attract greater numbers of tourists from China may need to reevaluate their branding strategies, suggests a new study that was led by Joy Huang, a professor in the department of recreation, sport and tourism. Credit: L. Brian Stauffer

China's rapidly growing middle class is expected to be a boon for the travel industry, in both China and the U.S. in coming years.

However, multinational [hotel](#) chains that want to increase their market shares of Chinese guests, especially at their hotels in the U.S., may need to reconsider their global branding strategies, a new study says.

Demonstrating "face" – a Chinese cultural value that encourages showing prestige, wealth and pride – is one of the primary reasons that middle-class Chinese citizens want to travel to the U.S., and hotels' branding strategies must satisfy this need if they want to appeal to these consumers, say researchers Joy Huang and Liping Cai.

Huang is a professor of recreation, sport and tourism at the University of Illinois; Cai is a faculty member in Purdue University's School of Hospitality and Tourism Management. Their study has been accepted for publication in the Journal Tourism Management and is available online.

China's middle class, currently about 7 percent of the country's population, is expected to grow to about 25 percent of its populace by 2020. Domestic travel by this rapidly growing demographic group has generated a flurry of hotel construction in China, and demand for hotel rooms in China is expected to increase at least 10 percent annually through 2042, according to a report by the Boston Consulting Group.

Rising numbers of Chinese citizens are traveling internationally as well. In 2013, more than 1.8 million Chinese tourists visited the United States. That figure is expected to surpass 2.1 million this year – and increase about 20 percent annually thereafter through 2018, according to U.S. Department of Commerce estimates.

The research team interviewed more than 600 Chinese consumers at shopping malls in Shanghai about their motivations for traveling to the

U.S. and their perceptions of three multinational hotel brands - Hilton, Holiday Inn and Super 8. All three chains have properties in China and in the U.S. and websites in both Chinese and English.

Participants ranged from 20 to 60 years old, with slightly more women than men. More than 70 percent had college or advanced degrees, and all respondents had annual earnings in the \$10,000 to \$60,000 (U.S.) range, placing them among China's [middle class](#), according to Forbes' 2010 demographic data.

Based on the hotel companies' branding literature and websites, the researchers identified themes and developed questionnaires for each hotel brand. Only 10 percent of the participants had previously stayed at any of the three brands studied, although participants were aware of them and the numbers of completed questionnaires were distributed almost equally across the three brands.

When traveling domestically, Chinese tourists said it was very important to show face by staying at Hilton or Holiday Inn hotels rather than Super 8. In China, Hilton and Holiday Inn hotels are rated as four- and five-star luxury hotels while Super 8 markets itself as the budget brand.

Likewise, if tourists' primary objective for visiting the U.S. was to show face, the intangible features of a hotel, such as its prestige and luxury, influenced their selection process, and consumers were less likely to choose Super 8.

"Middle-class Chinese citizens' affluence and improved standard of living, coupled with Confucius-centered cultural values such as having face, drive these consumers to seek more symbolic value in their consumption of goods and services," Huang said. "Chinese consumers tend to establish attachments to multinational hotel brands that are able to satisfy their needs for belonging and esteem from society. They love

the hotel brand, would choose it even if it costs more, and spread favorable impressions of the brand to others because it provides them with a sense of being special and prestigious, which conveys social status and face."

However, travelers visiting the U.S. primarily to meet new people and have novel experiences gravitated toward Holiday Inn and Super 8.

While Chinese tourists were unconcerned with hotels' tangible features when traveling domestically, these attributes became important if they were planning a trip to the U.S.

Multinational hotel brands, including the three in the study, may vary their marketing strategies and services from one country to another, which can be confusing for customers who travel internationally. Promoting a uniform brand identity and corporate values that reassure travelers they will experience consistent service and quality at all locations may be especially important for companies that want to attract Chinese tourists to their hotels in the U.S., the researchers say.

More information: The paper, "Modeling consumer-brand equity for multinational hotel brands – When hosts become guests," is available online.: www.sciencedirect.com/science/.../ii/S0261517714001459

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