

A Comparative Case Study of Hotel Brand Building in the U.S.A. and China

Summary of the Case

China, the world's most populous country, with its booming economy, has become an appetizing market for worldwide hoteliers. The competitive intensity in the Chinese hospitality industry has increased. Confronted with the international competitor's rapid development in China; indigenous Chinese hotel groups have accelerated the pace of expansion, e.g., Home Inns Group of China has been among the top ten in a worldwide ranking of hotel groups and surprised the international counterparts by its soaring growth in 2013 (more than 42,000 additional rooms in one year) (MKG, 2014). Despite this success Chinese native hotel groups/companies need to learn from their international counterparts regarding brand building.

The focus of this comparative case study is to investigate the main reasons or motives of the hotel brand building strategy and practices of the U.S. and Chinese hotel groups. Marriott International based in the U.S.A. and BTG Hotels Group of China have been selected as the representative and comparative cases. A PESTEL and SWOT-based comparison between Marriott and BTG has been presented and the reader can judge the similarities and differences of the two hotel groups. The data available frames the two companies at different development stages in the market economy. Comparisons are focused on Marriott's brand building strategy and practices in 1980's and BTG in 2010's. Through thorough and in-depth comparison, the main reasons or motives of Marriott and BTG's brand building strategy and practices are identified, relevant recommendations for Chinese and U.S. hoteliers for building their hotel brands in emerging markets can be developed.

Theoretical Concept Glossary

Hotel brand: The hotel brand can be defined as the hotel's strategic equity that originates from the recognition and loyalty of customers, as consequences of a customer's good stay experiences.

Hotel brand building: Hotel brand building refers to a sequence of stages which include the brand positioning, the brand communication and the brand standardization to make an unknown hotel brand to become famous.

PESTEL analysis: PEST analysis (Political, Economic, Social, Technological, Environmental and Legal analysis) describes a framework of macro-environmental factors used in the environmental scanning component of strategic management.

SWOT analysis: A SWOT analysis (alternatively SWOT matrix) is a structured planning method used to evaluate the strengths, weaknesses, opportunities and threats involved in a project or in a business venture (Wikipedia, 2015).

Target Audience

This case is suited for use by instructors and students in undergraduate or graduate courses in lodging and hospitality, tourism, marketing courses, to develop an understanding of hotel brand building in different institutional and cultural contexts. Additionally, this case can assist students to improve their critical thinking ability through the PESTEL and SWOT-based comparisons. Students should be encouraged to think about the similarities and differences between two hotel groups and find out the main reasons or motives behind their brand strategy and practices.

Teaching and Learning Objectives

1. **Provide information about the intense competition of Chinese hospitality market.** China has become the priority market of some international hotel groups, e.g., InterContinental Hotel Group has opened 241 hotels (78,194 rooms) in Greater China as of December, 2014 (IHG, 2014). Students are encouraged to collect more information from outside resources and form opinions about the main forces and competitive situations in the Chinese hospitality market.
2. **Review influential Chinese hotel companies/groups and their hotel brands, and analyze the hotel building strategies of these hotel companies/ groups.** To help students understand the Chinese hotel brands, the influential Chinese hotel companies/groups nationwide are selected among the Top 60 Hotel Companies/Groups through several screening criteria and these companies/groups and their hotel brands are depicted in a table.
3. **Cultivate the students' critical thinking ability** by making comparisons between Marriott International or other brands, (U.S.) and BTG (China).
4. **Better understand the external environments and internal competencies** of Marriott and BTG and their hotel brand building practices by utilizing the SWOT analysis framework and comparison method. The students can use SWOT techniques to gain in-depth and comprehensive understanding of the backgrounds and motives of Marriott and BTG's brand building strategies. Students could be divided into groups to make the comparisons and each group member is responsible for analyzing one aspect of the SWOT analysis.
5. **Discuss the similarities and differences** of Marriott and BTG's hotel brand building strategy and practices, and analyze the underlying reasons or motives behind the brand building strategy: External and internal factors jointly affect Marriott and BTG's hotel brand building strategy and practices. The reasons

why Marriott in 1980's and BTG in 2010's chose different brand strategies should be explored.

6. **Recommend ways and means** for Chinese and U.S. hoteliers to build the hotel brands. Based on above-mentioned analysis, the students would recommend some hotel brand building ways and means to build hotel brands for Chinese hoteliers or launch new hotel brands in an emerging market for U.S. hoteliers. Possible recommendations include, but not limited to:
- **For Chinese hoteliers:** Discern the authentic strengths through SWOT analysis. Chinese customers nowadays have diversified lodging needs. Chinese hotel groups, especially the state-owned hotel groups, should have a tilted orientation to the customers of middle class and investigate their demographic characteristics and consumption needs. For U.S. hoteliers: Differentiate new brands from the existing brands while maintaining core traits of the brand family. BTG has a different brand portfolio than Marriott partly because of BTG's relatively small number of hotel brands. As Marriott has built and acquired so many hotel brands, the brand confusion for customers becomes a potential problem.

Teaching Approach and Suggested Sequence

This comparative case could be assigned reading outside of class. The students are expected to collect more data from websites or on-site observations to fully comprehend Marriott international and BTG's business environments, strategy and brand building practices. Considering that the SWOT-based comparison is time-consuming and challenging work, individual homework, group discussions and project work can be integrated to exercise reasonable judgments.

Discussion and Questions

The following questions can be used to spur discussion and test knowledge of the subject matter.

- What is the hotel brand and what is the hotel brand building?
- What is the PESTEL and SWOT analysis framework and how it can be used in this case study?
- How many phases can be divided throughout Marriott's development process?
- What are the internal strengths and weaknesses of Marriott in the 1980's and BTG in the 2010s?
- What are the opportunities and threats there exist in Marriott's business environment in the 1980s?
- What are the opportunities and threats that exist in BTG's business environment in the 2010s?
- What are the similarities and differences of the SWOT factors between the Marriott in 1980s and the BTG in the 2010s?
- Why did Marriott in the 1980s and BTG in the 2010s choose different brand building strategies?

- What are the main reasons or motives that determine Marriott's brand building strategy and practices in the 1980s?
- What are the main reasons or motives that determine BTG's brand building strategy and practices in the 2010s?
- What are your recommendations for BTG and other Chinese hotel groups' brand building and brand hotel development in Chinese and international markets?

Class Activities and Proposed Project

Students should analyze the existing Chinese hotel markets and brands. As referred to in the case study, a review of the list of the Top 60 Hotel Groups which operate in China (CTHA, 2014) could be conducted. Students can look at the breadth and depth of each hotel group and become familiar with the scope of Chinese hotel market.

For a course project students can be organized into groups and each group can develop a hotel brand building scheme for presentation. Students can analyze the two brands names in the case and could also be assigned an additional successful brand based in either North America or Europe or elsewhere. Students can analyze each brand assigned and identify the key factors that have led the company to brand success for that organization. The question is whether these factors can be duplicated by emerging Chinese hotel brands. Student will produce an in depth and professional presentation for a professional audience.

References

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