A Study of Differences in the Hotel Industry between International & Domestic 5-star Hotels and the Prospects of Domestic 5-star Hotel Development in Sanya Hainan Province

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[Abstract]

The research focused on the hotel industry of Sanya Hainan Province China. There were two objectives. First one was to compare domestic 5-star with foreign 5-star hotel and find out the differences between the two hotels. After analyze we can get the advantages and disadvantages of each hotel. Another one was to give more effective suggestions and methods for domestic 5-star hotel to get a better development, according to the competitive market environment. The research question was what is the concrete differences in hoteling between international 5-star hotel and domestic 5-star hotel? And what is the advantage and disadvantage of domestic 5-star hotel and international 5-star hotels in market that they are facing? SWOT, STP and Five-force model were used in the study to support objectives and designed interview questions. The research methodology was qualitative methodology, and the research result based on the interview content. At least, suggestions were given after qualitative content analysis.
**Keywords:** Hotel Industry, Competitive Advantage, SWOT Analysis, STP Model, Five Forces Model

**Introduction**

Hotel industry was one of the earliest industries in China opening to the outside world, foreign brands have entered the Chinese market for a long time, at present, the world's top ten foreign hotel brands had entered China. After they had absolute advantage in first-tier cities, they were beginning to large and permeate lower-tier cities and scenic spots. The hotel industry: foreign hotel was 10% in china, but it occupied 90% of the profits (Xu Yakun, 2010). Thus, it can be seen that foreign brands of high-end have absolute advantage, domestic hotel brand was rising in the field of economy. However, foreign brand in China attached great importance to the development of brand building, market research, strategic management and capital operation, and had a global vision, the ability of global learning and resource integration capability, and had a clear positioning and loyal customers; meanwhile, domestic hotel brand was relatively lacking in these aspects, so, this made the domestic hotel brand to develop high-end hotel market were relatively difficult (Wang Hanxi, 2010).

According to China's tourism industry "thirteenth five-year" development planning and the present situation, tourism became a important industry of our country, and always maintained a rapid growth trend, China has entered into the world's largest inbound tourism receiving country and the fourth largest outbound travelers. Thus, China has formed the world's largest domestic tourism market. Then, Hainan will become an international tourism island (Wang Tao, 2016).

In Hainan province, the number of star hotel was so many, especially many international well-known star hotel chain enters Hainan in great quantities, but Hainan was a place where the economy was not developed, and there were not too many guests. In addition, Hainan tourism was highly cyclical, and the hotel was too enough, but the guest was so limited, it led to many hotels in Hainan were losing money (Yu Xueqin, 2014).
Hainan government was further enhancing the management level of Hainan hotel, to promote its scale, the popularity of brand and internationalization direction. At the same time, hotel industry was the basic condition for the tourism industry.

On the one hand, the Sanya hotel should establish and improve the management system, do not make organizational management structure is incomplete only to save costs. In the important positions, such as general manager, director of housing, director of food and beverage and so on, the hotel should find the competent people as soon as possible to perfect organizational structure of the hotel (Wang Ruosi, 2016). On the other hand, a sound training mechanism was the direct way to ensure the quality of service, Qualified staff can also bring new opportunities for the development of enterprises, and it was the key to enhance the overall competitiveness of the hotel (Xiong Ying, 2015).

As for the different culture in the same hotel, especially in China, managers who were transferred sometimes that cannot avoid some management problems. Hotel of Hainan province had some problem in human resources management, and the price of hotel was not regular.

The study focused on culture, management and marketing strategy three aspects to analyze the concrete differences in hoteling between international 5-star hotel and domestic 5-star hotel in Sanya Hainan Province. Meanwhile, helped the domestic 5-star hotel to improve themselves in the market of hotel industry.

**Literature Review**

**Competitive Advantage Theory**

The Competitive Advantage of an industry was an ability of creative. It included the creative of products, skills and marketing strategy (Liu Hong, 2010). It also mentioned that it should be continuously.

The competition in hotel industry, actually was a product competition. In nowadays, personalized consumption has become increasingly appar-
ent, the hotel which owns the favorite features, will be able to firmly catch consumers, no matter what product, only to form their own characteristics, were recognized and loved by consumers, and can attract more customers. In a competitive industry, creating new and innovative ideas was crucial to differentiate products from other similar products (Hugh Taylor, 1997).

**SWOT Analysis**

SWOT was a tool that can help analyze from both internal and external. It stated that an effective strategy comes from a company's internal strengths and weaknesses, as well as external opportunities and threats. It can maximize a firm’s strengths and opportunities and minimizes its weaknesses and threats (Weihrich H., 1982). SWOT was very general, and it was a primary tool of decision-making, and strategic planning in various kinds of works. The SWOT summarized the firm’s situation which including the internal and external analysis, and provided a planning perspective for controllable and uncontrollable variables. It was simple to use and has been a tool of making choices for many managers (Weihrich H., 1982).

**The Five Forces Model**

In the early 1980s, Michael Porter pushed the concept of "industry environment" into the most prominent position in strategic and management planning. He described the basic competition in an industry with the five different forces. The five forces were Industry Rivalry, Threat of New Entrants, Threat of Substitutes, Bargaining Power of Suppliers and Bargaining Power of Customers.

The five forces model was usually used for helping the industry make competitive advantage strategies. Yong Kim B, Oh H. (2004) used the Porter’s five forces model to analyze the various forces affecting the enterprise, and put forward some strategies to increase the competitive advantage of the enterprise. Yang Li (2010) also helped the Shanghai JAL hotel to make a better understanding of the market faced by enterprises through the five force model, and after further combining with the situation, it ultimately determined the hotel's strategic objectives.
STP Model

In 1990s, Philip Kotler systematically put forward the STP model in his book on Marketing Management. STP means that S-Segmentation (Market Segmentation), T- Targeting (Target Market Selection), P-Positioning (Market Positioning) (Kotler, 2003). The fundamental significance of STP theory lied in the choice of target market, and the formulation of the strategy was a major breakthrough in modern marketing research field. Target marketing was a process that companies identify different market segments or consumer groups, and then select one or several market segments as the target market, after that develop marketable products, services and so on, to meet the needs of its target market (Wu Yali, 2012). That is to say, the enterprise must segment the market and choose the target market and market positioning according to own mission and the goal, the resources and the specialty. Only in this way, can the enterprise find opportunities, develop new markets, meet or create consumer demand, and find its own market position (Chang Xueling, 2010).

STP model has been applied to the theory research of hotels and practice. Ma Xingchen (2009) expounded the application of STP model in Economical Hotel marketing through theoretical analysis, and accurately made the positioning of the market that Economical Hotel was facing and the strategies used in the competition through the method of segmentation.

Research Methodology

In this research, tourism, hotel management, market strategy, brand, competitive advantage and other related theory and method were used, and focused on the study of Sanya five-star hotel management system.

In order to seek to gather an in-depth understanding of both international 5-star hotel and domestic 5-star hotel, the research methods that used were mainly qualitative analysis. Focused on the size and economic benefit of Sanya domestic and international five-star hotel as the research basis, and then analysis of the situation of the two kinds of hotels, in order to make comprehensive, integrated research of the all-round development of the domestic five-star hotel.
Study Process and Tools

To guarantee the reliability authenticity and accuracy of the research materials and data, this research will use online searching, telephone interview, field research, structured interviews, in-depth interview, non-participatory observation and so on, do some research of domestic and international five-star hotel situation, and analyze the collected data within relevant theories or other method, like analyze tools.

After reviewed a lot of literature and induction, understood the new tendency of the research dynamic, and let the main conclusion from others be the basis of this research topic, theoretical and empirical research.

Using both primary and secondary data collected, this section analyzed the competitive advantages, operation strategies and development features in culture, management and marketing strategy of international 5-star hotel and domestic 5-star hotel, so as to gain better understanding of the external environment and the development of competitors. The SWOT Analysis, listed and analyzed the advantages and disadvantages of the Sanya international and domestic 5-star hotels, at the same time it also analyzed the internal conditions and external environment, found out the international and domestic five-star hotel source of competitive advantage. All the result of SWOT will use Content Analysis to summarize. Meanwhile, the five forces model analyzed the impact of various forces that the two hotels need to deal with in the process of participation in the market challenges, and helped enterprises more clearly to define their own status and breakthrough in the market. So as to achieve a competitive advantage in the hotel are given specific strategies.

Before the five forces model analysis and SWOT analysis, the research used STP model analysis to segment the market which these two hotels face, and selected the target market to carry on the related market localization, finally according to the competitive advantage three strategies as well as the product positioning strategy, carried on the consummation marketing strategy plan.
Key Informant

The Horizon Resort Sanya (domestic 5-star hotel), and The Ritz-Carlton Sanya (international five-star hotel) were given the award of “2011 Excellent Tourist Hotel” and the "2016 travel agency and Tourist Hotel excellent enterprise" the Chinese government. Sanya Yalong Bay Mangrove Tree Resort, Horizon Resort & Spa, and The Ritz Carlton Hotel were awarded the "2016 China Tourist Hotel industry excellence enterprise award”. This award was on the basis of "tourism law”, the "Statistics Law”, “Tourist Hotel star rating" (GB/T 14308-2010) and "travel survey system”. It was also based on the basis of the National Star Hotel statistical survey in 2015 that the National Tourism Administration organized.

Among them, researchers selected Horizon Resort Sanya (domestic 5-star hotel), and The Ritz-Carlton Sanya (international five-star hotel).

Result

Strategic Plan for the Horizon Resort Sanya hotel and the domestic hotel development strategy

After a clear analysis of the situation of the target market, the positioning of the hotel market and the competitive advantage of the hotel, the development strategy and suggestion were put forward from four aspects, including channel strategy, promotion strategy, personnel strategy and material environment strategy according to the combination of market characteristics and hotel characteristics.

Channel Strategy: target customer sales

The room price of the Horizon Resort Sanya Hotel sometimes was unreasonable compared to other hotel in the same scale. With the high pace of information technology, the price information was becoming more and more transparent. So the room price of the Horizon Resort Sanya hotel must be more regular and reasonable, and then promote themselves more effectively.

The guest room of the Horizon Resort Sanya hotel will take different
sales strategy according to different customer groups. Specific as follows:

Sales strategy for business customers: (1) focused on finding the high yield customers of the best competitors, and use the incentive schemes to compete for market share; (2) aiming at the international customer who has a reservation quantity, and sign the annual contract, strive for more booking; 3) planning the long-term room price and preferential policies, and develop the trade of long-term room.

Sales strategies for meetings and teams: (1) visiting company customers and professional conference companies, in order to access to conference services; (2) comprehend the arrangement of large local conference activities, then communicate with conference organization ahead of time to gain support and win business; (3) cooperated with major travel agents, and strive for more travel group customers; (4) promoted hotels through sales fairs and international travel fairs, looking for opportunities for cooperation.

Sales strategy for leisure individual: (1) to establish a strategic cooperative relationship with the main online reservation center, promote the hotel, get a better ranking and more business; (2) designed various of tactical package to promote individual business; (3) developed and implemented a revenue incentive plan including sales, reservations and front desk.

**Promotion Strategy: brand image publicity**

As for the brand effect, many famous high star hotels had a unique charm in the culture of the hotel. If the Horizon Resort Sanya Hotel wants to have their own competitive advantage in the hotel industry in the market, they must have their own brand.

The media plan of the Horizon Resort Sanya hotel will be aimed at the hotel of each customer group, and the advertisements will also be published in magazines, journals, the train and the local tourist traffic map. It was used to the publicity of the product and the brand of hotel.

Due to the large coverage of the local media by the broadcast media, the propaganda effect of the restaurant was very good. The hotel plans to
roll out the advertising of the hotel catering products in the selection period of the Sanya traffic station with the hotel catering promotion activities.

For the airport customer flow, the Horizon Resort Sanya hotel planed to buy advertising in Sanya Airport in order to promote the hotel brand and product, and improve hotel popularity.

In addition, a variety of public relations activities were held at special times of the year. For example: January: new year community care activities; February: Spring Festival, Valentine's Day room, catering promotion; May: community care activities; August: opening anniversary celebration; October: National Day Golden Week room, catering promotion; November: Christmas lighting ceremony, star member selection activities; December: Christmas New Year community care activities, and so on.

**Personnel Strategy: employee satisfaction**

Compared to the more diversified employee management model of the international hotel, the Horizon Resort Sanya Hotel still need to be strengthened.

Hotels, customers, and service providers were the three corners of service marketing triangles. Everything that employees do will be a part of the customer service experience of the enterprise. Only employee satisfaction improved, employees can actively participate in the management of enterprises. For the personnel strategy, we propose "employee care":

1. provide good living and working environment for employees; Equipped with air conditioning, dining room, computer room, table tennis room and other facilities in the dormitory; and the hotel provides bus for the staff to go to hotel from their dormitory;

2. Provide a clear approach to promotion (promote to a higher office). The Horizon Resort Sanya hotel promotes the talent channel plan, and all employees can participate. They should determine the position and direction of their expectations, and the hotel will provide mentors for them. Completed within time, they can get up to the required position;
3. Give employees strict and complete professional quality training. The Horizon Resort Sanya hotel adhere to internal staff as training policy. The hotel will improve the professional quality of the staff by studying the requirements of standardized positions. And the hotel will also implement the system of monthly staff representative meeting, which can help hotel listen to employee's voice and suggestion to improve policy and process.

In a word, as a service industry, the role of staff was very important. The Horizon Resort Sanya hotel will take the employee satisfaction assessment indicators as key indicators.

**Environment Strategy: brand image, information, and price display**

The Horizon Resort Sanya Hotel had its own characteristics in this area already, such as garden design. But compared to the international hotel in this area, the Horizon Resort Sanya Hotel still need to be improved.

**1. The display of brand image**

The lobby was the most important part of the hotel, including the restaurant and lounge located in the lobby. Seasonal fragrance, the dynamic and charming background music, lights, as well as the busy passenger flow, all of these created a vibrant lobby atmosphere. It presented the brand of the Horizon Resort Sanya hotel in terms of lifestyle perspective.

The Horizon Resort Sanya hotel’s space designed of bar and full time restaurant has open and transparent structure. It deliberately blurred the distinction between different functional restaurants. In addition, furniture and facilities are scattered everywhere in the public area of the hotel. They are all in different color, different shape and different material. In the light of the rendering, they were the contrast of each other. And they looked so modern, and gave a visual to effect on people’s eyes. Circular body seats formed a funny space. It has attracted people eager to participate in interactive affinity. Such a design allowed guests to fully experience the comfortable atmosphere of fashionable life.

The Horizon Resort Sanya hotel was committed to building a just perfect and not over courteous service team, to give guests a good first
impression. The hotel asked the employee to wear the hotel badges instead of the name brand. Employees will wear local casual wear without ties. All of these things reflect the hotel advocate leisure free life attitude.

2. Information and price display

"Horizon - together" was what the hotel focuses on the creation of advertisements. Through this propaganda word, it can let the customer feel the unique atmosphere of respected characteristics, the way of life of the Horizon Resort Sanya hotel and others.

The Horizon Resort Sanya Hotel guest will follow Chinese habits, and give up foreign hotel service fee, let the guests understand the consumer price. In addition, when the prices of various dishes were formulated, the hotel subdivided the dishes into the big one, the middle one and the small one, in order to satisfy the guest different demand.

The Horizon Resort Sanya Hotel will use IPAD self-service ordering system in the restaurant. There were vivid, high-definition photos of dishes and detailed descriptions in the system. Not only can the guests fully understand the dishes they want, but also can make the guests take the dishes as a pleasure.

The guest room of the Horizon Resort Sanya hotel will be equipped with IPAD. There are all kinds of hotel service and all price in it. Guests can order directly to get all kinds of services by IPAD.

Discussion

There were several reasons why the strategic plan for the Horizon Resort Sanya Hotel even more domestic five star hotels should focused on the four aspects. It also further illustrated and supported the reliability of the results of this paper.

Firstly, for a large number of high star resort hotels, it was possible to focus on the hotel's target customers by using the characteristics of the hotel. It also was important to develop products targeted that meet the needs of different types of customers in a right way tropism. This will enable the
hotel to gain more space for development in the market (Zhang Shanshan, 2016). At the same time, the Horizon Resort Sanya Hotel target customer groups was relatively simple. The target customer sales should be the methods to bring better development to the Horizon Resort Sanya Hotel.

Secondly, the so-called brand was the feature of the hotel where the charm of the hotel is. It will be the best choice for the construction of hotel brand to combine its own advantages with diversified features and take the differentiated brand road. The establishment of the brand was also shown through the characteristics of the hotel (Zhao Lei, 2015). If the Horizon Resort Sanya Hotel wants to obtain long-term stable development in the market, it must have its own characteristics, which is the brand.

Thirdly, employees were the important resources of the hotel industry. The negative emotions of employees not only affected their work performance, but also the overall competitiveness of the hotel. The weakness of human resource management will increase the turnover rate of hotel staff. It will bring a lot of disadvantages to the development of the hotel (Peng Jing, 2015). Thus, employees were one of the foundations of the hotel. To manage the staff was to lay a good foundation for the development of the hotel.

Finally, talk about the physical environment of the hotel. Some scholars have studied the attractiveness of five-star hotel customers to the hotel. These attractive elements included reputation, convenience of online booking, the material level of the hotel, the mental environment of the hotel, the accessibility of the traffic, the location of the hotel, the health status, the service quality, the safety guarantee, the personalized service or the design of the hotel. These physical environments have become an important factor in attracting customers (Xue Xiaoxia, 2015).

Conclusions

In introduction, it presented the current policies and situation in China and Sanya Hainan Province for Hotel Industry. Then provided the complete situations and problems of Sanya Hotel Industry, and showed the
framework and factors supported the objectives for the study. Literature review included culture, management, marketing and competitive advantage. It mainly aimed at the solution of objectives from the premise condition, process and approaches, result and efficiency.

Methodology was about the targets, interview process, tool and content analyzing, it included the reasons, details and pattern. Judging from the result, STP, Five Force Model and SWOT Analysis was successful to find the factors that can be applied for domestic five-star hotels to adapt their management practices to survive and the most influential factor that effects on domestic five-star hotel to adapt their management practices to develop under competitive market. The differences between the domestic five-star hotel and the international five-star hotel were about the employee management, the culture of the whole hotel and the marketing strategy. The most important factor was the marketing strategy. It needs both culture and management to help the hotel adapt their management practices to develop.

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