Tourism Management 48 (2015) 439–454

Contents lists available at ScienceDirect

Tourism Management

journal homepage: www.elsevier.com/locate/tourman

An examination of Marriott's entry into the Chinese hospitality industry: A Brand Equity perspective

Tommy Wong*, Mark Wickham [1]

Tasmanian School of Business and Economics, University of Tasmania, Locked Bag 16, Hobart, Tasmania 7001, Australia

HIGHLIGHTS

- We present an analysis of Marriott Hotels' entry into the China.
- We present an extended Brand Equity model.
- We present 6 resources and 5 capabilities associated with Brand Equity.
- We identify the strategic management factors associated with entry into China.
- We present 3 main implications for Western firms wishing to enter into China.

ARTICLE INFO

Article history:
Received 27 January 2014
Accepted 15 December 2014
Available online 10 January 2015

Keywords:
Brand Equity
Hospitality
Marriott Hotels
Strategic management
China

ABSTRACT

Since the Open-Door Reforms and the "opening" of the Chinese market to foreign firms in the late 1970s, numerous Western firms have sought to enter and establish their presence as a market leader in their particular industry. Recently, there has been a call to develop a finer-grained understanding of the specific organisational factors required for international hotels attempting to leverage their brand(s) into China. This paper presents an analysis of Marriott's entry into the Chinese hospitality market, with a particular interest in the resources and capabilities that the company used to effectively manage their Brand Equity in that context. This paper presents an extended Brand Equity model that incorporates the six antecedent resources categories (financial capital, internal relationships, internal operating systems and programs, international brand reputation, human capital and domestic stakeholder relationships management) and five antecedent capabilities associated with the strategic management of Marriott's Brand Equity in the Chinese hospitality market.

1. Introduction

Since the Open-Door Reforms and the 'opening' of the Chinese market to foreign firms in the late 1970s, numerous Western firms have sought to enter and establish their presence as a market leader in their particular industry (Reid & Walsh, 2003). With the world's largest population, rapid economic development, rising income and consumption together with low labour costs, China remains one of the most attractive markets for international hotel chains seeking growth opportunities outside their highly saturated (and relatively stagnant) Western markets (Bose, 2012; Enderwick, 2009; Pillania, 2009). Despite international hotel chains (such as Marriott, Hilton, Hyatt, Starwood and Intercontinental) investing heavily in the emerging Chinese market, there has been an increasing recognition that competing effectively in this market remains exceedingly challenging (see: Ahlstrorn & Bruton, 2001; Hays, 2008; Jagersma & van Gorp, 2003; Tsui-Auch & Möllering, 2010). With highly fragmented consumer markets and distribution channels (Christensen & Bower, 1996; Chuang, Ganon, & Wei, 2011), an uncertain political environment (Kennedy, 2005; Liu, 2007; Taylor, 2011), and unexpectedly fierce domestic retaliation (Hoskisson, Eden, Lau, & Wright, 2000; Liu, Guillet, Xioa, & Law,

* Corresponding author. Tel.: +61 3 6226 2849; fax: +61 3 6226 2170.
E-mail addresses: Tommy.Wong@utas.edu.au (T. Wong), Mark.Wickham@utas.edu.au (M. Wickham).
[1] Tel.: +61 3 6226 2159; fax: +61 3 6226 2170.

http://dx.doi.org/10.1016/j.tourman.2014.12.014
0261-5177/

2014; Reid & Walsh, 2003; Stalk & Michael, 2011), international hotel chains in China face a dynamic situation that remains highly unfamiliar (to academics and practitioners alike). Accordingly, there have been calls in the literature for a finer-grained examination of the strategic management factors that are associated with international hotel chains' successful entry into the Chinese market (Chen, 2013; Lo, 2012; Pine, Hanqin, & Qi, 2000).

One international hotel chain that has successfully entered and maintained a competitive position in China is Marriott International Inc. (hereafter 'Marriott'); in 1997, Marriott expanded into China through multiple acquisitions and management contract take-overs of established domestic hotel chains. By the end of 2000, Marriott was operating 17 properties in China across 12 cities under the business brands of Marriott, Renaissance, Courtyard and New World (Marriott Website, 2011a). In 2007, Marriott announced its plan to double its portfolio of hotels in China by the end of the decade and planned to have over 100 hotels operating in China over the next decade (The Shanghai Daily, 2007). Notwithstanding the effects of the global financial crisis (GFC), by the end of 2010 Marriott added another 19 new business hotels in China with the majority of hotels opened in Shanghai and its surrounding second tier cities (Marriott Website, 2011b). In just under twenty years, Marriott has grown from one hotel in Hong Kong to 64 hotels operating across mainland China (Marriott Website, 2013). Through its commitments in hospitality education, Marriott was awarded the Top Employers in China award in 2012 and 2013 (Marriott Website, 2013). Through its demonstrable success in entering and competing effectively China, the Marriott case represents an opportunity to explore the following research question: What strategic management factors are associated with Marriott Hotels' entry into the Chinese hotel industry?

2. Strategic management and the Brand Equity framework

Extant research indicates that Western organisations that have successfully entered the Chinese market commonly possess four generic attributes: firstly, they are able clearly articulate a strategic vision for their Chinese market entry across the organisation (Kantabutra, 2008; Lipton, 2004). Secondly, they are able to invest sufficient financial and human capital resources to support the necessary foreign direct investment (FDI) activities (Birasnav, Rangnekar, & Dalpati, 2011; Cavusgil & Cavusgil, 2012). Thirdly, they are able to forge a valuable reputation in the Chinese market (FitzPatrick, Davry, Muller & Davey, 2013; Johnson & Tellis, 2008; M'zungu, Merrilees, & Miller, 2010; Yaprak, 2011). Lastly, they are able to establish productive relationships with salient stakeholder groups in the local Chinese economy (Cheung & Rowlinson, 2011; Fam, Yang, & Hyman, 2010; Li, Zhou, & Shao, 2009). One theory that focuses on the 'marketing communications', 'investment strategies', and 'stakeholder management practices' required to establish and protect a desired market position is known as the Brand Equity framework (Aaker, 1991, 1996, 2004; Boo, Busser, & Baloglu, 2009; Kim & Kim, 2005).

The Brand Equity framework is multi-dimensional; it provides strategists with a conceptual basis to manage five 'brand assets' that underpin an organisation's ability to define, establish and protect a desired market position in a competitive marketplace. The five brand assets consist of four consumer-related assets (i.e. Brand Awareness, Brand Association, Perceived Quality and Brand Loyalty) and one market-related asset (i.e. Other Proprietary Brand Assets) (Aaker, 1991; Lee & Back, 2008). Each of these brand assets contribute to the establishment and defence of a desired market position in a highly-competitive market in the following ways: firstly, Brand Awareness is considered as a major element of target customers' brand knowledge and can influence their purchasing decision by eliminating competing brands from consideration (Biel, 1991; Camarero, Garrido, & Vicente, 2010; Dawar, 1999; Dobni & Zinkhan, 1990; Keller, 1993). Secondly, Brand Association ensures an organisation provides positive cues to their target customers, either through direct interaction with the customers themselves, or indirectly through collaborations with external entities (Aaker, 1991; Biel, 1991; James, 2005; Janiszewski & Van Osselaer, 2000; Keller, 1993; Van Osselaer & Janiszewski, 2001). Thirdly, Perceived Quality ensures the organisation defines and delivers the requisite levels of satisfaction desired by their various target customers (Aaker, 1991; Kim & Kim, 2004; Yoo, Donthu, & Lee, 2000).

Table 1
Research linking Brand Equity to desirable organisational outcomes.

Publication	Brand Equity asset(s) reviewed	Desirable organisational outcomes
Cobb-Walgren, Ruble, & Donthu, 1995	Brand Awareness Brand Association Perceived Quality	Add value to organisation & customers Brand protection Enhanced brand reputation Increased market share/ profitability
Agarwal & Rao, 1996	Brand Awareness	Enhanced brand extension opportunities Improved marketing communication effectiveness Increased market share
Na, Marshall, & Keller, 1999	Brand Awareness	Add value to organisation & customers Enhanced brand reputation Improved marketing communication effectiveness
Yoo et al., 2000	Brand Association Perceived Quality Brand Loyalty	Enhanced brand reputation Improved marketing communication effectiveness Increased profitability
Kim & Kim, 2004	Brand Awareness Perceived Quality Brand Loyalty	Increased market share/ profitability Improved marketing communication effectiveness
Netemeyer et al., 2004	Brand Awareness Perceived Quality	Enhanced brand reputation Increased market share/ profitability
Delgado-Ballester & Munuera-Alemán, 2005	Brand Association Brand Loyalty	Add value to organisation & customers Brand protection Enhanced brand reputation Increased market share/ profitability
Pappu et al., 2005	Brand Awareness Brand Association Perceived Quality Brand Loyalty	Enhanced brand reputation Improved marketing communication effectiveness
Wang et al., 2008	Brand Awareness Perceived Quality	Brand protection Enhanced brand reputation Increased market share/ profitability
Kimpakorn & Tocquer, 2010	Brand Awareness Brand Association Perceived Quality	Enhanced brand reputation Increased profitability Improved marketing communication effectiveness
Nguyen, Barrett, & Miller, 2011	Brand Loyalty	Add value to organisation & customers Increased market share/ profitability