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Economy Hotels in China

A glocalised innovative hospitality sector

Songshan (Sam) Huang and
Xuhua (Michael) Sun

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Economy Hotels in China

While economy or budget hotels have been popular in western countries since the end of the Second World War, they have only emerged as a sector in their own right in China since the mid-1990s. Indeed, as a new service industry sector, economy hotels in China demonstrate important characteristics which can be used to illustrate and help explain China's current economic progress more generally.

This book provides a comprehensive overview of the economy hotel sector in China. It covers macro-level social-cultural, economic, environmental, geographic, and development issues, alongside micro-level consideration of the budget hotel companies' innovative management and marketing procedures, business expansion strategies, general hotel management and operation issues, as well as an analysis of some leading entrepreneurs in the sector, and in-depth case studies examining the most successful economy hotel companies in China. Huang and Sun argue that the rapid development of budget hotels in China demonstrates how, under the influence of globalisation, Chinese businesses have become more innovative as they apply successful western business models to China. In turn, they show that the China model is fundamentally different in terms of its driving force, which lies purely in its domestic travel market, fuelled by China's continued economic growth. There is therefore much to explore about both China's market situation and business practices in the economy hotel sector and this book makes an important contribution to our understanding of China's new business environment.

Based on extensive fieldwork and investigation, *Economy Hotels in China* will be welcomed by students and scholars of tourism, hospitality, business studies, and Chinese studies, but it will also appeal to practitioners of business management in these sectors who are interested in China's development and business opportunities in China.

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To our parents, our spouses, Amy (Sam's wife) and Hong (Michael's wife), and our children: Hattie Huang, Lotus Sun, and Daniel Huang, who share the joy and bitterness of life with us.

Preface

I remember it was the second year of my PhD study in Hong Kong (I resigned my job in China National Tourism Administration and went to The Hong Kong Polytechnic University to study my PhD in tourism in late 2003), when I went back to see my family in Beijing, I found surprisingly alongside the North Third Ring Road (*BeiSanhuanlu*), there was a newly opened hotel with bright yellow-coloured walls and a big logo '7'. It was a 7 Days Inn hotel. Both the hotel's external appearance and its logo caught my attention and I felt it was really different! This was my first personal encounter with economy hotels in China.

After I had finished my PhD study in 2007 and embarked on my academic career, I decided to make China's economy hotels one of my research interests, even though my major research areas were in tourism and tourism management. The first research opportunity came by when I received a call for a grant application announcement on Trinet (a Listserv Group of tourism scholars worldwide) from the School of Hotel and Tourism Management (SHTM) at The Hong Kong Polytechnic University, my PhD granting school to which I owe my great gratitude for receiving my research training there. I formed a research team with a former colleague who was then studying at Cornell University School of Hotel Administration and a senior colleague from SHTM, and won a grant allowing us to take our first step in investigating this new hotel sector. The project, however, had focused on the entrepreneurs' network ties in the emerging sector: a rather narrow research area, indeed. But the project did provide sound knowledge to further understand what had been happening with economy hotels in China, and enabled me to get more personally involved in economy hotels in China.

The idea of writing a book on China's economy hotels had actually come in the very beginning when I called for a research team for the grant. It was further fermented and clarified during my work on the project. At that time, research books on China's economy hotels were rare even in Chinese. Later, Dai and Shu published their book *Economy Hotels: International Experience and Chinese Practice* in Chinese in 2007, followed by several textbooks and quite a number of masters and doctoral dissertations relating to economy hotels from Chinese universities. But they are all in Chinese and the discussions are mostly too

narrowly positioned within macro-management issues in the industry. Up until today, although a lot of interesting things have happened and are happening in China's economy hotel sector, people outside China, if they cannot read Chinese, cannot access information about this significant hospitality sector that is increasingly associated with the lives of Chinese people. What a pity if they can only sense the 'elephant's tiny tail' by reading a couple of English media reports on only a few Chinese economy hotel companies' IPO stories while the 'elephant' is indeed a step away! I felt obliged to tell the whole story to these people.

This book is not simply a hotel management book, as I stress many times in the chapters. It was intended to provide a multi-layered panoramic view of China's economy hotel development to readers of different circles (hoteliers, students studying hotel management, tourism and hospitality academics, and people generally interested in what's happening in China), and of different levels of interest. Keeping the diversity of readers' backgrounds in mind, we tried to make the expressions less academic. But this does not mean we would sacrifice the research or academic quality of the book. All the chapters are rigorously referenced following common academic practices. Readers can trace each discussion to the references that support it.

China is developing so fast that what is happening in China has been increasingly challenging our existing knowledge. Human knowledge does not seem to have a definitive rim. The more we know, the more we find ourselves ignorant. The two authors of this book are both educational professionals working in an Australian university. In our co-teaching of a tourism and hospitality marketing course, we are constantly reinforcing our belief that our students need quickly updated knowledge generated from the industry itself. It is our academic responsibility, beyond what is mundanely expected by our university employer, to be able to identify new knowledge from the industry and pass this on to them.

In case our readers would like to contact us for further discussions on specific topics, we would like to specify the chapters each of us contributed to this book. Sam Huang, as the initiator and planner of this book, contributed Chapters 1, 2, 3, 4, 5, 10, and 11. Michael Sun contributed Chapters 6, 7, 8, and 9. We welcome our dear readers to communicate with us.

We need to acknowledge the support of the publisher in enabling the publication of this book. Routledge's Contemporary China Series inspired Sam Huang to submit the proposal for this book. We appreciate the publisher's continued contribution to the knowledge world in its quality reviews of book proposals and professional support to authors. We are especially indebted to Ms Hannah Mack, Routledge's Editorial Assistant for Asian Studies, for her generous support and allowing us more time to finish our manuscript. We also thank our book proposal reviewer for giving us constructive feedback that helped us write a better book.

Special thanks also go to Sam Huang's project teammates, Professor Cathy Hsu and Dr Zhaoping (George) Liu, both from The Hong Kong Polytechnic

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May 2013

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