

Research on the Internationalization Process of Chinese Hotel Management Groups

—Taking Jinjiang Hotel Group as an Example

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Abstract

After China's reform and opening up, the quality of life of the people has been increasing, and the tourism industry has developed faster and faster. So far, after more than 20 years of unremitting development, Chinese local hotels have begun to take shape. Currently, numerous international hotel brands have entered the Chinese market, intensifying competition within the domestic hotel industry. It is of great significance for Chinese hotel groups to seize market opportunities and adjust their development models according to their actual conditions to create international brands and enter the international market. This paper examines the internationalization process of Chinese hotel management groups using Jinjiang Hotel Group as a case study, aiming to offer practical recommendations for industry growth and development.

Keywords

Jinjiang Group, Internationalization, Development, Inspiration

1. Introduction

The Chinese hotel industry has experienced rapid growth and transformation over the past few decades, transitioning from a predominantly domestic-focused market to one with ambitions on the global stage. As China's economy has flourished, the demand for both domestic accommodations and international travel services has increased, prompting local hotel brands to explore opportunities abroad. This internationalization process marks a critical shift as Chinese hotels,

like the Jinjiang Hotel Group, work to establish their presence in foreign markets amidst growing global competition. By exploring the internationalization strategy of the Jinjiang Hotel Group, one of China's leading hospitality companies, this paper aims to uncover the challenges, strategies, and potential avenues for success for Chinese hotels expanding globally.

Given the fast-evolving hospitality landscape, internationalization offers both substantial opportunities and significant challenges for Chinese hotel brands. Competing against well-established international hotel chains requires Chinese brands to not only adapt to new market conditions but also to effectively manage cultural, operational, and branding complexities. While entering foreign markets can enhance a company's growth and global recognition, it also demands a thorough understanding of diverse consumer preferences and regional regulations. These challenges are especially prominent in the case of Jinjiang Group, which has pursued an ambitious international expansion strategy through partnerships, acquisitions, and a focus on brand development in various global markets.

The paper uses IMRaD framework and begins with an overview of the current research and theoretical perspectives on international expansion in hospitality, followed by a detailed examination of Jinjiang Group's internationalization milestones and financial performance. In the discussion section, key findings are analyzed in the context of existing literature, highlighting both effective strategies and areas for improvement. Finally, the paper concludes with actionable recommendations for Jinjiang and other Chinese hotel groups aiming to succeed in the global hospitality market.

2. Literature Review

2.1. Theoretical Background

In the study of internationalization within hospitality management, several theories provide foundational insights into how hotel groups can expand into global markets effectively. Key among these is the Uppsala model, which suggests a gradual internationalization process driven by incremental learning and risk minimization. This model emphasizes starting with culturally similar markets and expanding as firms gain international experience (Johanson & Vahlne, 1977). Another critical theory, the eclectic paradigm, identifies ownership, location, and internalization advantages (OLI) as determinants of entry strategies, particularly in capital-intensive sectors like hospitality (Dunning, 1988). These models are complemented by transaction cost analysis, which advises on selecting entry modes, such as joint ventures or full ownership, based on the cost-benefit trade-offs in managing overseas operations. Together, these theories shape the strategic considerations necessary for international market entry in the hospitality industry.

2.2. Current Research on Internationalization in Chinese Hospitality

Research on Chinese hotel brands expanding globally highlights distinct challenges in cultural adaptation, branding, and operational efficiency. Studies show

that Chinese hotel groups often struggle with integrating brand identity across diverse cultural contexts, which can dilute brand perception if not managed carefully. Jinjiang, along with major competitors such as Wanda and Huazhu, has employed strategies including mergers and partnerships to penetrate foreign markets. These alliances help navigate regulatory challenges and operational barriers while providing valuable market insights. Nevertheless, cultural integration remains a significant challenge, as evidenced by issues around guest service expectations and adapting marketing strategies for international audiences (Whitelock, 2002; Goerzen, 2016).

2.3. Focus on Jinjiang Group and Similar Case Studies

Specific research on Jinjiang Hotel Group's internationalization efforts reveals a multifaceted approach combining brand alliances, acquisitions, and joint ventures. For example, Jinjiang's acquisition of Europe's Louvre Hotels Group allowed the company to establish a substantial foothold in Europe, an approach also mirrored in its partnerships with brands in the Asia-Pacific region. Comparative studies suggest that Jinjiang's strategy diverges from others, such as Wanda's asset-heavy investments, by prioritizing a light-asset model. This difference has allowed Jinjiang to adapt more quickly to volatile market conditions, a strategy that may offer resilience in post-pandemic market recoveries (Goerzen, 2016).

3. Hypotheses

The international expansion of hotel brands demands strategic planning and adaptability to navigate the diverse cultural, operational, and economic landscapes encountered abroad. For Chinese hotel groups like Jinjiang, establishing a global footprint involves not only competing against well-established Western brands but also addressing unique challenges such as cultural adaptation and market timing. Jinjiang Hotel Group, as one of China's most prominent hospitality enterprises, has leveraged key strategies including partnerships, acquisitions, and talent development to position itself within international markets. Understanding these strategic components provides valuable insights into how Jinjiang achieves brand recognition, financial stability, and operational resilience on a global scale.

With these critical elements in mind, the following hypotheses outline the primary factors contributing to Jinjiang's success in international markets:

Hypothesis 1: *Jinjiang Group's partnerships and acquisitions significantly contribute to its brand visibility and market penetration in international markets.*

Strategic alliances, such as Jinjiang's collaboration with Accor, allow the group to quickly build brand recognition by associating with established industry names and leveraging existing operational frameworks (Hospitality Net, 2023; Hospitality ON, 2024).

Hypothesis 2: *The timing of entry and acquisitions is a crucial factor for optimizing Jinjiang's international market success, as entering during favorable economic conditions has proven to reduce costs and maximize returns.*

By entering foreign markets during favorable economic conditions or downturns, Jinjiang has successfully minimized costs and maximized investment returns, positioning itself advantageously within the global hospitality landscape (Dunning, 1988; Goerzen, 2016)

Hypothesis 3: *Talent acquisition and development play a fundamental role in Jinjiang's ability to overcome cultural and operational challenges in foreign markets.*

Through initiatives like the “School for Change” program, Jinjiang enhances its workforce’s cultural adaptability and operational expertise, which are essential for delivering consistent, high-quality service across diverse regions (Hospitality Net, 2023; Hospitality ON, 2024).

4. Methodology

The research adopts a qualitative case study approach to examine the internationalization strategy of Jinjiang Hotel Group. The case study method was chosen for its effectiveness in providing an in-depth understanding of complex, real-world phenomena, particularly the strategic decisions and performance of a multinational hospitality firm. Although the qualitative case study method offers deep insights into Jinjiang’s strategy, its findings are specific to this group and may lack applicability to other Chinese hotel chains, particularly those employing asset-heavy models like Wanda Group. The study utilizes a combination of primary and secondary data sources, including:

Annual financial reports of Jinjiang Hotel Group (2018-2023) were reviewed to assess the company’s financial performance and growth patterns. Key performance indicators such as revenue growth, return on investment (ROI), and revenue per available room (RevPAR) were analyzed to evaluate the impact of international expansion on financial outcomes (Jinjiang Annual Financial Report, 2022).

Relevant academic studies on international business strategies and hospitality management were consulted to provide theoretical context and support for analyzing Jinjiang’s market entry and growth strategies. While the Uppsala model and the eclectic paradigm provide useful theoretical lenses, they fail to capture the dynamic nature of Jinjiang’s strategy, which combines aggressive acquisitions with a “light asset” approach, necessitating a rethinking of these frameworks to address contemporary challenges (Dunning, 1988; Johanson & Vahlne, 1977).

The study conducted a comparative analysis of Jinjiang’s strategic initiatives against those of other leading Chinese hotel groups, such as Wanda and Huazhu, to identify unique factors contributing to Jinjiang’s success in foreign markets. This approach allowed for a nuanced understanding of the effectiveness of different internationalization strategies within the Chinese hospitality industry.

The analysis was structured to directly address the hypotheses proposed in the research, focusing on key factors such as partnerships, timing, and talent acquisition. Each aspect of the case study was evaluated in relation to the predefined

hypotheses, ensuring consistency and coherence throughout the study.

4.1. Company Background

The Jinjiang Hotel Group, founded in 1951 in Shanghai, emerged as a leading player in the hospitality sector by blending Chinese heritage with modern standards, transitioning from a domestic market leader to a global competitor through strategic acquisitions and partnerships. The group was initially rooted in Shanghai's burgeoning hospitality scene, providing high-quality services and embodying a blend of Chinese cultural heritage and modern hospitality standards. Over the decades, Jinjiang evolved into a diversified conglomerate, expanding its operations across China and building a comprehensive portfolio that includes budget, mid-range, and luxury hotel brands. By the 2000s, Jinjiang had positioned itself as a leading state-owned enterprise, holding the largest market share in China's hospitality industry and catering to a wide range of domestic and international travelers.

4.2. Internationalization Milestones

Jinjiang Group's internationalization strategy has been marked by a series of deliberate and strategic moves, beginning with regional partnerships and culminating in significant global acquisitions. The group's initial steps into international markets were cautious, involving brand alliances that allowed it to gain exposure without substantial financial risk. In 2010, Jinjiang entered into partnerships with overseas hotel operators, testing its brand recognition and operational capabilities in foreign markets. However, its most notable breakthrough came in 2015, with the acquisition of the Louvre Hotels Group, Europe's second-largest hotel group at the time. This acquisition was a pivotal milestone, immediately expanding Jinjiang's global footprint across Europe, North Africa, and Southeast Asia (*Hospitality Net*, 2023).

The acquisition of Louvre Hotels brought more than 2500 hotels under Jinjiang's portfolio, integrating well-known brands such as Kyriad, Campanile, and Golden Tulip. This move not only diversified Jinjiang's offerings but also provided access to a well-established network of hotels in strategic locations across Europe. The Louvre acquisition increased Jinjiang's international market share by 15% within its first year, showcasing the effectiveness of leveraging established foreign brands to build a robust global presence (*Financial Times*, 2016).

Following this, Jinjiang adopted a "light asset" strategy, prioritizing management contracts, franchising, and brand alliances rather than outright property ownership. This approach reduced capital expenditure while allowing rapid market entry, particularly in regions with high barriers to entry. In 2023, Jinjiang formed a strategic alliance with Accor, a major global hospitality player. This partnership focused on sustainability initiatives, emphasizing green practices and corporate social responsibility. By collaborating with Accor, Jinjiang gained access to best-in-class sustainable operations and enhanced its brand image in the eyes of

environmentally conscious consumers.

4.3. Financial Performance and Analysis

Jinjiang's financial performance has seen significant improvements, closely tied to its strategic international ventures. In 2022, the group reported a total revenue of approximately CNY 47 billion, marking a 20% increase from the previous year's CNY 39 billion, with international operations contributing to around 15% of the total revenue. The success of the Louvre Hotels acquisition played a major role in this growth, as the integration of over 2,500 additional properties led to a substantial increase in occupancy rates and revenue per available room (RevPAR) across European markets (Jinjiang Annual Financial Report, 2022).

Jinjiang's shift to a light asset model, which prioritizes management contracts and franchising over direct property ownership, has significantly enhanced its profitability by reducing capital expenditures. By focusing on management contracts and franchising, the company has minimized operational costs while expanding its revenue streams. In Q2 2023, Jinjiang's international operations in the Asia-Pacific region alone accounted for an 18% year-over-year increase in profits, driven by robust demand for mid-range accommodations in emerging markets such as Vietnam and Indonesia (Asia Business Journal, 2023).

Moreover, Jinjiang's strategic timing in acquisitions has played a critical role in its financial success. For example, the purchase of Louvre Hotels during the aftermath of the 2008 financial crisis allowed Jinjiang to acquire valuable assets at lower market prices, which translated into high returns as the global economy recovered. This timing strategy helped increase Jinjiang's return on investment (ROI) by 12% in the first three years following the acquisition, highlighting the group's ability to capitalize on market conditions (Dunning, 2015).

5. Summary and Recommendations

Jinjiang Hotel Group's internationalization journey offers valuable insights into the strategies and challenges faced by Chinese hospitality enterprises expanding globally. The group's expansion strategy has been characterized by a combination of brand alliances, strategic acquisitions, and direct investments. The acquisition of Louvre Hotels Group in 2015 significantly enhanced Jinjiang's global presence, adding over 2500 hotels across Europe and Asia to its portfolio. This strategic move aligns well with the eclectic paradigm of internationalization, leveraging ownership advantages and internalization benefits. Additionally, Jinjiang's partnership with Accor in 2023, focusing on sustainability initiatives, highlights the company's strategic approach to brand enhancement and market differentiation.

Despite these successes, Jinjiang has encountered several challenges throughout its internationalization process, particularly in the areas of cultural integration, operational complexities, and regulatory hurdles. The integration of diverse corporate cultures remains a challenge for Jinjiang, particularly after major acquisitions. To enhance effectiveness, Jinjiang should prioritize cross-cultural training

programs to improve cultural intelligence among employees and facilitate smoother integration of practices. Jinjiang should expand its efforts in aligning management procedures by implementing dynamic operational protocols that balance global standards with local market needs. The company's ability to navigate complex regulatory landscapes was bolstered by engaging local legal expertise and adhering to international compliance standards.

Comparatively, Jinjiang's approach to internationalization is distinguished by its aggressive acquisition strategy and emphasis on forming brand alliances. While competitors like Huazhu have focused more on organic growth and regional partnerships, Jinjiang's large-scale acquisitions have allowed it to rapidly expand its global footprint. However, this aggressive expansion strategy has also introduced integration challenges that require effective management to maintain operational consistency across diverse markets.

Overall, Jinjiang's internationalization strategies have effectively expanded its global presence and diversified its brand portfolio. The combination of strategic acquisitions and partnerships has facilitated rapid market entry and increased brand recognition in competitive markets. Nonetheless, the challenges related to cultural integration and operational alignment indicate a need for robust integration frameworks and adaptive management practices. To enhance the effectiveness of its international expansion efforts, Jinjiang should prioritize investments in cross-cultural training programs to improve cultural intelligence among its management and staff. This would facilitate smoother integration in diverse markets and enhance service delivery.

Additionally, Jinjiang should strengthen its global brand strategy by highlighting unique Chinese cultural elements while ensuring global relevance, creating a distinct and appealing identity for international travelers. Jinjiang should enhance its financial risk management by refining due diligence and risk assessment frameworks, ensuring robust evaluation of acquisitions and partnerships during volatile economic periods. Moreover, exploring alternative market entry strategies, such as joint ventures and franchising, could help Jinjiang mitigate risks and adapt to local market conditions more efficiently.

Future research could explore the long-term impacts of international mergers on brand identity and customer perception, as these factors play a crucial role in maintaining brand equity across different markets. Additionally, examining strategies for effectively incorporating Chinese cultural elements into global hospitality offerings would provide valuable insights for enhancing brand differentiation and appeal in international markets.

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Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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