

## HAINAN PROVINCE HOTEL SECTOR DEVELOPMENT: MAIN PROBLEMS AND CHALLENGES ANALYSIS

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As a tropical tourist destination in China, Hainan Province, the hotel industry has always been an important part of the region's tourism economy. However, with the rapid development of domestic and international tourism and changes in the structure of tourism consumption, the hotel industry in Hainan Province is also facing many challenges and problems. The purpose of this paper is to analyze the main problems and challenges facing the development of the hotel industry in Hainan Province and propose corresponding solutions.

**Keywords:** Chinese tourism; Hainan Province; ecotourism; development trend; ecotourism; big data application; hospitality industry; regional economic impact.

## РАЗВИТИЕ ГОСТИНИЧНОГО СЕКТОРА ПРОВИНЦИИ ХАЙНАНЬ: АНАЛИЗ ОСНОВНЫХ ПРОБЛЕМ И ВЫЗОВОВ

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В китайской провинции Хайнань гостиничный сектор всегда был важной частью экономики региона. Однако в связи с быстрым развитием внутреннего и международного туризма и изменениями в структуре туристического потребления гостиничный сектор провинции Хайнань сталкивается со многими вызовами и проблемами. Целью данной статьи является анализ основных вызовов и проблем, стоящих перед развитием гостиничного сектора в провинции Хайнань, и предложение соответствующих решений.

**Ключевые слова:** китайский туризм; провинция Хайнань; экотуризм; тенденции развития; экотуризм; применение больших данных; индустрия гостеприимства; региональное экономическое влияние.

The development of Hainan province hotel sector faces the following problems and challenges:

- Seasonal demand. Hainan's tourism is highly seasonal, with peaks during major holidays and events. This can lead to overcapacity and underutilization

of hotel facilities during off-peak periods, impacting the financial viability of hotels.

- Infrastructure Development. While Hainan has been rapidly developing its tourism infrastructure, there are still challenges in terms of transportation, connectivity, and accessibility to some areas, which can affect the overall attractiveness of the destination for tourists.

- Quality and Standards: maintaining consistent quality and service standards across a diverse range of hotels is a challenge. Variability in service and amenities can impact the overall reputation of Hainan as a tourist destination.

- Human Resources: the hotel industry in Hainan, like many other tourist destinations, faces challenges related to recruiting and retaining skilled hospitality professionals. There may be a shortage of qualified staff, particularly during peak seasons.

- Sustainability and Environmental Impact. As Hainan aims to position itself as an eco-friendly and sustainable tourism destination, hotels are under pressure to adopt environmentally friendly practices and reduce their ecological footprint, which can be both costly and challenging to implement.

- Competition and Market Saturation. With the rapid expansion of the hotel industry in Hainan, there is a risk of oversupply and intense competition, which can lead to price wars and margin pressures for hotel operators.

- Regulatory Environment. Navigating complex regulatory requirements, including land use regulations, licensing, and compliance with changing government policies, can pose challenges for hotel developers and operators in Hainan.

Below the overview of some of the challenges in details is presented.

*The seasonal demand* in Hainan province hotel sector is a significant challenge that affects the overall performance and sustainability of hotels on the island. Hainan experiences peak tourist seasons during major holidays such as Chinese New Year, National Day, and the Spring Festival, as well as during international events and festivals. During these periods, the demand for hotel accommodations surges, leading to high occupancy rates and increased room rates [1].

Conversely, during off-peak periods, many hotels in Hainan experience a significant drop in occupancy rates, resulting in underutilization of facilities and decreased revenue. According to statistics from the Hainan Provincial Department of Culture and Tourism, the island's hotel occupancy rates can fluctuate dramatically throughout the year, with occupancy levels reaching close to 100% during peak periods and dropping to much lower levels during off-peak times.

This seasonality in demand poses financial challenges for hotel operators, as they must manage their resources and pricing strategies to accommodate the

fluctuating demand. It also impacts the ability of hotels to maintain consistent employment for their staff, as they may need to hire additional personnel during peak seasons and reduce staff during slower periods [2].

To address this issue, hotel operators in Hainan are increasingly exploring strategies to diversify their target markets and attract visitors during off-peak seasons. This includes promoting the island as a destination for wellness tourism, business conferences, and cultural events to help spread out the demand throughout the year. Additionally, some hotels offer special packages and promotions during low-demand periods to incentivize travelers to visit outside of peak seasons.

The government and industry stakeholders are also working on initiatives to develop more year-round attractions and events to encourage a more consistent flow of tourists, which would help alleviate the impact of seasonal demand on the hotel industry in Hainan.

In addition to the seasonal demand fluctuations, another significant challenge for the hotel industry in Hainan is *the impact of external factors on tourism*. External factors such as changes in government policies, economic conditions, and global events can have a direct impact on tourist arrivals and subsequently affect hotel occupancy rates and revenue. For example, changes in visa policies, travel restrictions, or geopolitical tensions can influence the flow of international tourists to Hainan. Economic downturns or currency fluctuations in key source markets can also impact travelers' spending power and willingness to visit the island. Furthermore, global events such as natural disasters, health crises, or security concerns can lead to sudden declines in tourist arrivals, creating uncertainty for hotel operators.

According to data from the Hainan Provincial Department of Culture and Tourism, the hotel industry has experienced periods of volatility due to external factors. For instance, the outbreak of the COVID-19 pandemic in 2020 resulted in a sharp decline in international and domestic tourism, leading to widespread hotel closures and a significant drop in occupancy rates across the island.

Moreover, changes in government policies related to tax incentives, infrastructure development, and tourism promotion can also impact the overall competitiveness of Hainan's hotel industry. As the island seeks to position itself as an international tourism and consumption destination, hotel operators are closely monitoring policy developments and their potential effects on visitor numbers and travel behaviors [3].

To mitigate the impact of external factors, hotel operators in Hainan are focusing on diversifying their customer base by targeting emerging source markets, promoting domestic tourism, and enhancing the overall resilience of their business models. Furthermore, they are investing in market intelligence and risk management strategies to anticipate and adapt to changes in external conditions that may affect tourist demand.

Collaboration between the government, industry associations, and tourism stakeholders is essential to address these challenges and ensure the long-term sustainability of Hainan's hotel industry. By working together to monitor market trends, advocate for supportive policies, and develop contingency plans, the industry can better navigate external uncertainties and maintain a competitive position in the global tourism landscape [4].

The third significant challenge for the hotel sector in Hainan is *the impact of global events and external factors on tourism*. This includes natural disasters, health crises, security concerns, and other unforeseen events that can disrupt travel patterns and tourist behavior.

Natural disasters, such as typhoons and tropical storms, pose a recurring threat to Hainan's tourism industry. The island's geographical location makes it susceptible to these weather-related events, which can result in temporary closures of hotels, infrastructure damage, and disruptions to transportation networks. According to the Hainan Provincial Department of Culture and Tourism, the island has experienced several instances of severe weather events that have impacted tourist arrivals and hotel operations.

Health crises, such as the outbreak of infectious diseases, also have a significant impact on tourism in Hainan. The COVID-19 pandemic serves as a recent example of how a global health crisis can lead to widespread travel restrictions, reduced consumer confidence, and a sharp decline in international and domestic tourism. The pandemic prompted the temporary closure of many hotels in Hainan and caused a substantial decrease in occupancy rates and revenue for the industry.

Security concerns, including geopolitical tensions or local safety issues, can also affect tourist perceptions and travel decisions. Instances of civil unrest, terrorism, or political instability in neighboring regions or globally can lead to travel advisories and deter visitors from choosing Hainan as a destination. While Hainan has generally been considered a safe and stable tourism destination, external security concerns can still influence tourist flows and hotel occupancy.

In response to these challenges, hotel operators in Hainan have implemented risk management strategies to address the potential impact of natural disasters, health crises, and security concerns. This may include developing emergency response plans, enhancing property resilience against environmental hazards, and implementing health and safety protocols to address public health emergencies.

Moreover, the government of Hainan and relevant tourism authorities have also taken measures to promote the island as a safe and resilient destination. This includes investing in disaster preparedness and response capabilities, as well as collaborating with international organizations to ensure effective crisis management and communication.

The ability of the hotel industry in Hainan to adapt to these external challenges is essential for maintaining long-term sustainability and resilience. By leveraging data-driven insights, risk management practices, and collaborative partnerships with government agencies and tourism stakeholders, hotel operators can better navigate the impact of global events and external factors on tourist demand and ensure the continued growth of Hainan's tourism industry.

The fourth significant challenge for the hotel industry in Hainan is the *intensifying competition in the regional and global tourism market*. As Hainan continues to position itself as an international tourism destination, it faces increasing competition from other popular travel destinations in the Asia-Pacific region and beyond. This heightened competition presents several key challenges for hotel operators in Hainan.

One aspect of this challenge is the proliferation of new hotel developments and accommodations in Hainan. The rapid expansion of the tourism infrastructure, including the construction of new hotels, resorts, and alternative lodging options, has led to an oversupply of room inventory in some segments of the market. This has put pressure on hotel occupancy rates and average daily rates (ADR), impacting the overall revenue and profitability of hotel businesses.

Furthermore, the rise of online travel agencies (OTAs) and alternative accommodation platforms has transformed the distribution landscape for hotel bookings. Hainan's hotel operators are now competing with a diverse array of lodging options, including vacation rentals, home-sharing services, and boutique accommodations. This has led to a fragmentation of the market and increased price sensitivity among travelers, as they have more choices when selecting their lodging options.

In addition to domestic competition, Hainan's hotel industry also faces strong competition from other international destinations that are vying for the attention of global travelers. Popular tourist hotspots in Southeast Asia, such as Thailand, Vietnam, and the Philippines, as well as emerging destinations in South Asia and the Middle East, are all competing for a share of the international tourism market. These destinations often offer competitive pricing, diverse cultural experiences, and unique attractions that appeal to a similar demographic of travelers.

To address these challenges, Hainan's hotel industry has been focusing on enhancing its competitive positioning through various strategies. This includes investing in product differentiation, service quality, and guest experience to create a unique value proposition for visitors. Hotel operators are also leveraging digital marketing, social media engagement, and loyalty programs to build brand awareness and attract repeat guests.

Moreover, collaboration with local tourism authorities and industry stakeholders is crucial for promoting Hainan as a distinctive and compelling destination. By participating in destination marketing initiatives, hotel operators can contribute to the overall appeal of Hainan as a multifaceted tourism hub with diverse offerings, including cultural experiences, ecotourism attractions, and luxury resort experiences.

In summary, the intensifying competition in the regional and global tourism market poses a significant challenge for Hainan's hotel industry. By adapting to changing consumer preferences, embracing digital innovation, and strengthening collaborative partnerships, hotel operators can navigate this competitive landscape and position themselves for sustained success in Hainan's evolving tourism market.

The fifth significant challenge for the hotel industry in Hainan is *the need for sustainable development and environmental conservation*. As Hainan experiences rapid tourism growth and hotel development, it faces the critical task of balancing economic expansion with environmental preservation and sustainable practices. This challenge is particularly important given Hainan's status as an island province with unique ecological features and biodiversity.

One aspect of this challenge is the potential impact of tourism on Hainan's natural environment. The increase in tourist arrivals and hotel developments can lead to issues such as habitat destruction, pollution, strain on water resources, and waste management challenges. These environmental concerns not only affect the local ecosystem but also impact the overall attractiveness of Hainan as a tourist destination [5].

Furthermore, the hotel industry in Hainan must address the growing demand for sustainable and eco-friendly travel experiences. Today's travelers are increasingly conscious of their environmental footprint and seek accommodations that prioritize sustainability, energy efficiency, waste reduction, and responsible resource management. Hotels that fail to meet these expectations may face reputational risks and lose out on environmentally conscious guests.

In response to these challenges, Hainan's hotel industry has been actively pursuing sustainable development initiatives and environmentally friendly practices. Many hotels are implementing green building standards, energy-efficient technologies, and water conservation measures to minimize their environmental impact. Additionally, some hotels are adopting sustainable procurement practices, sourcing local produce, and supporting community-based conservation projects to contribute positively to the local ecosystem.

In line with global trends, there is also a growing emphasis on eco-tourism and nature-based experiences in Hainan. Hotels and resorts are increasingly incorporating nature trails, wildlife observation programs, and eco-friendly

excursions into their guest offerings to promote environmental awareness and conservation [6].

Moreover, collaboration with government agencies, non-governmental organizations (NGOs), and local communities is essential for advancing sustainable tourism practices in Hainan. By engaging in public-private partnerships and participating in environmental conservation initiatives, hotels can contribute to the protection of Hainan's natural resources while enhancing the overall appeal of the destination.

The imperative for sustainable development and environmental conservation presents a significant challenge for Hainan's hotel industry. By embracing eco-friendly practices, promoting nature-based experiences, and engaging in collaborative efforts to protect the environment, hotel operators can contribute to the long-term sustainability of Hainan's tourism sector while meeting the evolving preferences of environmentally conscious travelers.

To summarize, the development of the hotel sector in Hainan Province faces a series of challenges such as intensified market competition, sustainable development issues, and changes in policy and market demand. By analyzing these problems in depth and proposing corresponding solutions, it can help the hotel industry gain an advantage in competition and achieve sustainable development.

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