

Analysis Of Competitive Strategies and Challenges in The Catering Industry: A Case Study of Haidilao

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Abstract. Haidilao, as a leading enterprise in China's catering industry, has developed from 1994 to now and has stepped out of a unique competitive advantage of its own. Haidilao has grown rapidly to become a legend in the restaurant industry based on its excellent service and innovative business model. However, Haidilao faces new competitive advantages and challenges in the modern consumer environment. Numerous studies have shown that the success of Haidilao is inseparable from its series of characteristic value-added services, which are even regarded as the symbol of its brand. This study analyzes Haidilao's competitive advantages, including its superior service innovation, unique product strategy, clever marketing strategy, and globalization strategy. It also examines the challenges faced by Haidilao, such as uncertainty risk, cost and human resource management, and product innovation. Finally, the study recommends improving the firm's core competencies and seizing the digital economy's opportunities.

Keywords: Competitive Strategies; Challenges; Catering Industry; Haidilao.

1. Introduction

In ancient times, hot pot was called "antique soup" because it would make a "Gudong" sound when the food was in boiling water. Hot pot is a unique Chinese food with a long history. It has been popular with people since ancient times. It is a kind of food that all ages can eat. Some say that modern hot pot is divided into two categories: ordinary and Haidilao. Haidilao is no longer just the name of a hot pot restaurant but has become a hot pot phenomenon. The Haidilao phenomenon highlights the Haidilao "Jianghu status" [1-3].

Haidilao is a business of Sichuan style hot pot, the integration of local characteristics of hot pot in one of the large direct private enterprises, from 1994 Jianyang city, Sichuan Province, the first shop to cover the whole country, and then into Southeast Asia and Japan and South Korea; From just a store to more than 1000 stores. In more than 20 years, Haidilao has written the legend of the catering industry and become the object of imitation by the industry. As a leading enterprise in the industry, Haidilao has accumulated quite high brand recognition through its unique online and offline operation scenarios. Once the pride of the catering industry, Haidilao has long been in the media spotlight. Haidilao has long been able to dominate the headlines without spending money, and no other company could. Haidilao has a big, all-inclusive business model. This study will discuss the competitive advantages and challenges faced by the legendary hot pot brand Haidilao in the current environment [4-6].

2. Competitive Advantage

2.1. Service Innovation

2.1.1 Customer service is meticulous

Haidilao's service is very thoughtful and intimate. Here, people can realize that the customer is God's service. There is nothing they can't do. When the customer enters the door, there is a valet parking service. Before the customer has a meal, there is no lack of happiness waiting in line, and the large screen displays allele information. Free food includes golden beans, shrimp slices, and various fruits and drinks. There are free manicures, hand guards, shoe-shining and other services. There is

also free unlimited Internet access to ease the boredom of waiting in line. When ordering food, take the economy as the basis. The food can be half, and the waiter promptly reminds the ordered food is enough to eat, not enough to continue, to avoid waste. During the meal, the restaurant provides aprons for each customer, hair bands for long distribution customers, glasses cloth for customers who wear glasses, scarves for customers who feel cold due to low air conditioning temperature, transparent mobile phone bags for customers on the desktop, and replace the hot towels in front of customers every few minutes [7, 8].

What's more thoughtful is that the restaurant can help customers feed their children. Let customers have a carefree meal. The bathroom also has special service, and the attitude is very warm. The service is thoughtful, including boiling water faucet, squeeze hand sanitizer, hand towel, etc. After dining, peppermint candy will be immediately sent to remove odor. In short, customers are taken seriously everywhere here [9, 10].

2.1.2 Open 24 Hours

Haidilao is open 24 hours. It's still not common for a well-known national chain store like Haidilao to be open 24 hours a day. Most hot pot restaurants stay open until around midnight and close for the night. Sometimes, foreign business travelers come to a strange city very late, travel and travel, do not know which shop is still open, and do not want to look for the street. For the first time, customers will think of Haidilao, this brand chain store. Haidilao also has a wired delivery service so customers can taste delicious hot pot when busy and don't want to go out.

2.2. Product Strategy

2.2.1 Authentic taste and outstanding features

Haidilao hot pot has more than 10 kinds of pot bottoms, such as spicy oil, spicy butter, pork belly chicken, tomato hot pot, mushroom soup pot, etc. There is a self-service condiment table, about 20 kinds of condiments according to your taste preferences, and arbitrary deployment. Before eating, customers can also put the fresh soup in the pot in the condiment bowl to make delicious tomato beef soup, mushroom soup, etc. In addition, there are free fruits, different seasons, and different fruits, such as cherry tomatoes, cantaloupe, watermelon, etc. There is also boiled millet porridge or tremella soup, suitable for older people and children. Most hotpot restaurants have a partial range of dishes and rarely have extra food, and if they do, they are served in limited quantities.

2.2.2 The dishes are fresh and free of choice

With the rapid development of China's economy and the significant improvement in people's income level, people are becoming increasingly concerned about "what to eat, how to eat well and how to eat healthily". The main slogan of Haidilao dishes is: Green, healthy, and nutritious, so its various dishes are very fresh, varied, good quality so that diners eat more at ease, and all the dishes can be called half price so that customers can taste more kinds of dishes.

2.3. Product Marketing

2.3.1 Discount

Haidilao discounts more, strong. With the student card can a 65% discount, here has become a good place for students to get together late at night and a good place for companies and departments to dine. Some company interns more, with interns can enjoy such a discount. Other hot pot restaurants offer relatively small concessions.

2.3.2 Gathering effect

These loyal customers of Haidilao can bring the agglomeration effect to the enterprise. Since ancient times, popularity has been a good business strategy. Generally speaking, people's herd mentality is very strong, and they often seek after the most popular enterprises and brands. When customers go out to eat or shop, they often find that the more guests in line, the more people queue, and the more people will arouse everyone's interest. In other words, enterprises with more customers

are more likely to attract too many new customers to join, so the customers of enterprises form a virtuous circle.

2.4. Globalization Strategy

The first branch of Haidilao was established in Jianyang, Sichuan Province, which is the oldest one. In 1999, Haidilao's first branch outside Xianyang was officially opened in Xi'an Shaanxi Province, in 2003 in Zhengzhou, Henan Province, and in 2004 in Beijing, the capital city. Then, from 2006 to 2010, it opened branches in Shanghai, Tianjin and other cities. Within 10 years, 37 stores have been opened in six cities nationwide. There are more than 1000 branches all over the country, and it has entered the international market so that the Chinese in foreign countries can also enjoy happiness. The brand enjoys a good reputation at home and abroad.

3. Challenges

3.1. Uncertainty Risk

Since the epidemic, Haidilao has repeatedly made headlines. One is to close 300 stores to survive, and the other is to lose three years of profit in 2021. The rapid expansion of Haidilao has stopped with the hot search repeatedly, and the foundation of its expansion, "mentoring" and extreme service, have been greatly challenged.

If other catering enterprises like Haidilao shrink the front and operate conservatively, they will become stable. However, the conservative operation of Haidilao may bring problems. This involves Haidilao's very expansive mentoring system, which is at its foundation. The manager of each Haidilao store has another identity as a master, which is to train employees to become a prospective store manager constantly. In the design of the mentorship system, this is an important source of income for the store manager. Once the apprentice became the manager of the newly opened store, the master would receive a percentage of the profits. While "Tusun" is the store manager, "Master" also gets a commission. Inspired by the mentoring system, Haidilao is constantly working the feedback loop and expanding rapidly. But now, this cycle has been broken. In the second half of 2021, Haidilao's large-scale store closure, if the average turnover rate is less than 4 times/day, in principle, will not scale up the opening of new stores, which will make the store manager lose the relevant income brought by training prospective store managers, employees also lose the space for promotion to the store manager. This means that the "mentoring system" will not be sustainable, which will bring a big blow to the talent incentive system of Haidilao and affect the steady development of Haidilao.

Haidilao's brand feature, the ultimate service, has lost its previous appeal in today's new consumption era. Nowadays, the main force of consumers is young people, who are not used to the extreme service of Haidilao's care and prefer to keep a "distance". There is a topic on the Internet, "Don't let the Haidilao waiter know your birthday", which has caused wide discussion.

It is not a social fear of who will eat Haidilao alone. Still, Haidilao wants to put a large doll to accompany customers to dinner, as if to tell other guests: this person comes to eat Haidilao alone, making lonely diners very embarrassed.

3.2. Cost and Human Resource Management

The success of Haidilao is generally believed that the service is good, in addition to wages, management and other hard indicators. It is easy to ignore that the Haidilao employees are generally relatively low-education, poor rural children. These children are born with the spirit of hard work and are willing to endure ultra-high work intensity and working hours daily. However, with the recommendation of the urbanization campaign, how much quality labor is left in this part of the chef team? The problem of young people is already emerging. In the past, apprentices nodded and begged masters to teach them how to cook, but now it is completely reversed. Apprentices are in a bad mood and may fire their master's anytime. It can be seen that the seriousness of the problem of talent

interruption. There is no high-quality talent echelon in the service industry, and the development is easy to fall into trouble.

3.3. Product Innovation

The core of Haidilao is to do the service to the extreme. Zhang Yong also said that the service to make up for the lack of taste, the customer moved to tears, but this is not a very good moat. Product, service and environment are the three most important core of catering. People are still more willing to eat better food when the service is almost identical, so the product is more important. Haidilao must constantly innovate and find one of its explosive products to maintain its industry leader position. Otherwise, it will be replaced by others one day.

4. Suggestions

The future catering industry will accelerate the reshuffle, and in the catering field of several subdivisions in the track, the most mature category should be hot pot. Hot pot market competition will continue to intensify; many new brands have mushroomed, squeezing the growth of traditional hot pot space. Under such a general trend, where is the opportunity for Haidilao to achieve a "small world"? It should enhance the core competitiveness of the enterprise. The core competitiveness of the enterprise is mainly reflected in the specific ability, and this ability is multifaceted. The first is the competitiveness of employees. The most important ability of employees is outstanding. The stronger the ability of employees, the higher the degree of focus on things to improve things. The second is price competitiveness; customers who want to be more affordable are more concerned about the price. If the brand and quality are similar, the lower price will become a good competitiveness. Finally, innovation competitiveness is the first to occupy the market to stand out. Only continuous innovation is likely to be the first to occupy the market. New services and products can allow enterprises in the market competition to occupy a favorable position. At the same time, the transformation of the digital economy also provides new marketing channels for the catering industry, and Haidilao should seize the opportunities of The Times to expand its market more and more widely.

5. Conclusion

Haidilao has a significant competitive advantage in China's F&B industry, largely due to its unique service and business model. However, today's market environment is full of challenges that Haidilao needs to address seriously to stay ahead of the curve and continue to thrive.

Haidilao's service excellence is one of its greatest competitive advantages. Whether it's providing a thoughtful and attentive waiting area experience or a convenient takeout service that stays open 24 hours a day, Haidilao has earned the loyalty of its customers with its outstanding service quality. However, with younger consumers, increased demand for personalization, and the epidemic's impact on the restaurant industry, Haidilao needed to adjust its service strategy to meet new consumer trends. Haidilao's diversified product strategy has also won its market share. Various flavors of pot bases, self-service condiment stations, and fresh ingredient choices allowed customers more choices. However, the restaurant market is highly competitive, and other brands are constantly innovating, so Haidilao must strive to ensure its product quality and innovation remain at the forefront. Haidilao faces challenges in cost management and human resource management. Shortage of quality labor and employee turnover are current issues, especially in the context of accelerated urbanization. Therefore, Haidilao needs to retain and attract more quality employees. Product innovation is key to Haidilao's future success. While ultimate service remains its hallmark, continuous product innovation is vital to meet changing consumer needs.

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