

Research on the Development Strategy of Haidilao Hot Pot based on Chinese Market

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Abstract. Hot pot is a traditional food in China's Sichuan and Chongqing areas and has a long history. Moreover, hot pot is delicious and very popular in China and worldwide. This study has conducted a relatively in-depth study of Haidilao Hot Pot. There are 1348 Haidilao Hot Pot stores in China. It can be seen that Haidilao Hot Pot is very popular in China and even the world because of its service, taste, etc. This study summarized the current situation of Haidilao Hot Pot, explored the marketing strategy of Haidilao Hot Pot, involved its service concept, management system, and product innovation, and analyzed its current operating deficiencies in case the new dishes are not advertised enough. The service is too standardized and lacks individuation, And the corresponding suggestions and schemes are given. In the end, this research can help Haidilao and other restaurants in the industry. They need to adapt their strategies to keep up with changing customer preferences. While this research focused on the Chinese market, the findings can be useful for restaurants worldwide.

Keywords: Haidilao Hot Pot, Operation Analysis, Structure of Business, Marketing Planning.

1. Introduction

1.1. Research background

Haidilao Hot Pot was established in 1994. There have been 1349 Haidilao Hot Pot restaurants in mainland China and 22 restaurants in Hong Kong, Macao, and Taiwan, China [1]. According to the Haidilao Hot Pot website, more than 276 million people eat at Haidilao Hot Pot in China, and the number of registered members exceeded 116 million people [1]. According to the official data, Haidilao Hot Pot is a large, influential chain enterprise. Hot pot is a traditional food in China's Sichuan and Chongqing areas and has a long history. Moreover, hot pot is delicious and very popular in China and worldwide. So, the hot pot is not the original Haidilao Hot Pot. Everyone can open a hot pot restaurant, so they do. There are many hot pot restaurants in China. So how Haidilao Hot Pot stands out from many hot pot enterprises and has such a huge customer base is a question worth thinking about and with high commercial value because some other enterprises in the catering industry can also refer to some operating strategies of Haidilao Hot Pot and apply them to their restaurants to optimize their operating methods and strategies, and through these to gain greater profits. Therefore, the research will analyze the marketing strategies of Haidilao Hot Pot and propose some suggestions for the shortcomings of the current operation of Haidilao Hot Pot.

1.2. Literature Review

Yang & Zhang proposed that Haidilao Hot Pot needs to raise publicity for new dishes, improve the overall takeout business planning, improve information control of the takeout platform, improve supervision of the O2O model, and control service intensity for precision marketing [2].

Li found that the success of Haidilao Hot Pot is inseparable from the corporate culture of "people-oriented" Haidilao Hot Pot [3].

A proposed that as a benchmark for catering businesses, Haidilao Hot Pot has developed a set of marketing models in line with the "people-oriented" development of the company, making it stand

out in the Southeast Asian catering industry and giving it its distinctive characteristics, particularly in terms of culture and services [4].

Wu & Yang analyzed that a variety of factors influence consumer purchasing behavior. Still, the one constant is that when consumers decide to purchase a product, they will first consider their own needs before comparing and contrasting the available options in order to select the one that best suits their innermost desires. The primary factor for the success of Haidilao Hot Pot is that it offers superior service compared to other hot pot restaurants of comparable caliber [5].

1.3. Research Gap

Most scholars have generally studied the overall marketing strategy, how Haidilao Hot Pot's overall corporate culture of Haidilao Hot Pot attracts consumers, and how Haidilao Hot Pot expands rapidly. Most scholars have neglected that Haidilao is an international catering enterprise, and there are many Haidilao Hot Pot restaurants worldwide. Most scholars have generally analyzed the marketing methods of all Haidilao Hot Pot restaurants because Haidilao Hot Pot is famous in China and gradually to the world, which makes most scholars ignore the marketing strategy of Haidilao for the Chinese market. In contrast, this paper will analyze the current situation of Haidilao Hot Pot in the Chinese market, analyze the marketing strategy and problems of Haidilao in the Chinese market, and put forward some improvement plans. This study will analyze the marketing strategy of Haidilao Hot Pot and some suggestions for Haidilao Hot Pot marketing based on the current situation of the catering industry in the Chinese market. Of course, the customer group of this study is Chinese. The proposals in this paper and the analysis of the marketing strategy of Haidilao Hot Pot can also be used as a reference for other restaurants in the Chinese catering industry.

1.4. Research Framework

The logical thinking of this paper is as follows:

Firstly, the introduction of the research. This paper will first introduce the background of this research topic and explain the commercial value of the research topic, then will provide a literature review of other papers that have a close relationship with this paper. Moreover, in this part, the paper will introduce the research gap of this study.

Secondly, the case description. This study will analyze and explain the basic situation of Haidilao Hot Pot in the Chinese market and explain the information according to the information provided by the official website of Haidilao Hot Pot and the introduction of Haidilao Hot Pot restaurants.

Thirdly, the analysis of the problem. In this research step, the next step after the case description is to point out the problems in the current operation of Haidilao Hot Pot and analyze some influences of these problems., This part of the research will follow the following steps: analyze the current situation of the case of the Haidilao Hot Pot, the problems identified in the case of the Haidilao Hot Pot, and the reason analysis of the problems.

Fourthly, the suggestion. In this step, the paper will discuss some marketing suggestions according to the analysis of the problems.

Finally, the conclusion. In this step, the paper will summarize the whole paper.

2. Case Description

The basic information of the Haidilao Hot Pot: Since its founding in 1994, Haidilao Hot Pot has grown to include 1349 restaurants on China's mainland and 22 locations in Hong Kong, Macao, and Taiwan [6]. More than 276 million people have eaten at Haidilao Hot Pot in China, and there are more than 116 million registered members, according to the website [7]. Haidilao is found in most shopping malls in China, especially during holidays. Haidilao usually has a lot of waiting areas for meals. The above data and information it is enough to reflect how popular Haidilao Hot Pot is in China, and this large chain enterprise has a great influence. Haidilao Hot Pot will offer some discounts to customers during some special periods. After the Zhong Kao and Gao Kao(two important national

major exams) in China, Haidilao offers discounts to high school students, and there is a 31% discount for college students once a month. And the members of Haidilao Hot Pot also have some exclusive services and extra benefits. Moreover, the service level of Haidilao Hot Pot is also first-class in China's catering industry. Every Haidilao Hot Pot in China has a special waiting area for dining. Compared with most other restaurants, the waiting area of Haidilao not only has comfortable sofas but also provides free snacks and manicure services, which attract customers to dine at Haidilao Hot Pot. Customers dining at Haidilao Hot Pot don't even get to pour their water because of its many employees. And Haidilao also provides free birthday celebration services. Haidilao Hot Pot has a high level of service at the same time, but also to ensure the safety and diversity of food. But when dining in Haidilao, most customers choose some old dishes, and few pay attention to the new ones [8].

3. Analysis on the problem

3.1. Current Situation of Haidilao Hot Pot

Since Haidilao Hot Pot's inception in 1994, Haidilao Hot Pot has been leading the hot pot industry through its fresh ingredients, good service, etc. Haidilao Hot Pot is always from the customer experience, innovative to provide customers with pleasant, personalized dining services and a comfortable dining environment so that customers get a satisfactory consumption experience. There are 1349 Haidilao Hot Pot restaurants in mainland China and 22 in Hong Kong, Macao, and Taiwan, China. According to the Haidilao Hot Pot website, more than 276 million people eat at Haidilao Hot Pot in China, and the number of registered members exceeds 116 million.

3.1.1. Humanized service concept

The catering industry is a service industry, and the level of service directly determines the customer's satisfaction with the store. Haidilao established a differentiation strategy in the early days of its establishment, adhered to the concept of service at least, and has been attracting consumers with high-quality services. Haidilao pioneered ordering with tablet computers, giving customers more autonomy to choose, not be more affected by the waiter, and reducing the communication pressure with the waiter in the ordering process. When dining in Haidilao, if the customer has long hair, the waiter will provide the customer with a rubber band. If the customer is short-sighted, the waiter will provide the service of cleaning glasses, as well as helping the customer to dip the sauce, pour water, and other basic services. All these behaviors are personalized services to customers. The careful service of the waiter makes the customer feel that they are cared for and special service, and then narrates the relationship with the customer. Relevant survey data show that customers' satisfaction with the three indicators of taste, service, and environment of Haidilao is high, and the average value is above 3.4 (the maximum value is 4), with service 3.69, the least difference, environment 3.52, and taste 3.49, the lowest score. The high service score indicates that the service quality of Haidilao has left a good impression in the hearts of consumers and satisfied most consumers. Its differentiated service strategy has enhanced customer satisfaction and consolidated the "people-oriented" corporate image [9].

3.1.2. Humanized management system

The humanized management system of Haidilao has set a good example for the entire catering industry so that employees feel humanistic care and meet their needs.

Respect demand formed the unique advantages of Haidilao. Haidilao employees start from the grassroots through the job performance evaluation to determine whether they can move on to the next position and provide employees with fair promotion opportunities and development space. The staff dormitory has a special nanny to clean, and at the same time, giving some rewards to the parents of excellent employees will help employees maintain good working conditions and stimulate their enthusiasm for work. Every employee of Haidilao has the right to decide whether to give customers

free orders or gifts, which shows the trust of the company in employees, and the expansion and reduction of employees' autonomy with redundant processes when emergencies occur, reasonable disposal of employees can improve customer satisfaction and promote the development of enterprises. The care and trust of Haidilao employees guide employees to develop in a better direction, wholeheartedly pay for the enterprise, and achieve the unity of interests of individuals and enterprises.

3.1.3. Product innovation

Haidilao has pioneered a new way in the catering industry and won unanimous praise for its differentiated service strategy. At the same time, the product is also constantly innovative. With the expansion of Haidilao and the development of the market, Haidilao in order to meet the diversified needs of customers with the integration of hot pot characteristics, the main can drink the tomato pot bottom, push the special pork belly chicken pot bottom, Thai style Dong Yin Gong pot bottom and many other pot bottom. In terms of dishes, half order is supported, which meets the needs of many customers in the pursuit of diversified dishes. Secondly, net red dishes such as Lo pie Lo noodles, bean gluten balls, and so on further satisfy consumers on the taste of dishes demand, adding to the fun of the dining process to the dining process's fun [10]. In the new retail era, with the acceleration of the pace of life, consumers' demand for fast food products is gradually increasing, and consumers' consumption is fully understood.

After the habit and demand, Haidilao actively developed the business of fast-food products based on the original brand, including self-heating rice, self-heating small hot pot, etc., which not only expanded the profits of the enterprise but also enhanced the popularity of the Haidilao brand and broadened the audience.

3.2. Problem Identified of Haidilao Hot Pot

The success of any business will have its shortcomings behind the operation. As the leader of hot pot catering enterprises, Haidilao is also facing new opportunities and threats. Turnover has shrunk sharply, while the store's rent, water, and electricity costs remain high, paying employees' salaries and benefits has become a problem.

3.2.1. The new dishes are not advertised enough

The promotion of new dishes in the major stores of Haidilao is limited to the new dishes included in the new product recommendation display interface and the oral introduction of the waiter, and it is difficult to bring new products to the market without enough promotion efforts, let alone drive the consumption of traditional products. Haidilao's official website information shows that the current launch of new dishes is hot pot steak, three fresh tofu bamboo, and Thai black tiger shrimp, but some customers said that they did not know these three new dishes when they ate in the store recently [2].

3.2.2. The service is too standardized and lacks individuation

For example, young, busy white-collar workers have a strong sense of time. Too long a waiting time may make them feel bored, and excessive service will cause some disturbance to them. Price-sensitive consumers prefer small discounts; small gifts with high added value will increase their loyalty and satisfaction. Giving some small snacks after a meal is a good choice. In addition, it is not excluded that some health-seeking consumers will eat hot pot driven by relatives and friends. For such customers, healthy food, green ingredients, and informing them how long each shabu can maintain the best taste can increase their satisfaction [2].

4. Suggestions

4.1. Suggestion 1

To address the challenge of insufficiently promoting new menu items, Haidilao Hot Pot should implement a comprehensive marketing strategy. Digital marketing is a key component in achieving success in this endeavor. Utilizing popular platforms such as Facebook, Instagram, and WeChat can

be highly effective in reaching a wider audience. This strategy's crucial aspect is creating visually appealing content showcasing the latest dishes. Posting high-quality images and videos of these new items on social media can captivate potential customers. Pairing these visuals with enticing descriptions and specific hashtags is important to encourage customer engagement. This can create a buzz around the new menu items and generate interest among your target audience. In addition to social media, email marketing campaigns should be leveraged to inform existing customers about the new additions. Sending out regular newsletters with detailed information about the dishes and convenient reservation links can help remind loyal customers to try out the new items. This approach also allows you to maintain direct communication with your customer base.

It's crucial to capture diners' attention through in-store promotion within the restaurant itself. Well-trained staff can play a pivotal role in this. They can provide insightful explanations and recommendations for the new dishes, enhancing the overall dining experience. Offering small samples or tastings to waiting customers can effectively spark their interest and prompt them to order these new items. Tabletop displays featuring visually captivating materials can also be strategically placed to highlight the newest menu offerings. Creating a sense of urgency through limited-time offers can drive immediate interest in these dishes. Consider introducing seasonal menus with exclusive items linked to holidays or events and special occasion menus with unique dishes to commemorate memorable milestones. Bundled deals are another effective strategy. Combining popular menu items with new dishes at discounted prices can incentivize customers to explore the new offerings. This not only increases sales but also encourages customers to try something new. To further amplify marketing efforts, consider collaborating with food influencers, bloggers, or local celebrities. Inviting influencers with substantial followings to dine and review your new dishes can lead to wider exposure. Their reviews, images, and videos shared on social media platforms can reach a broader audience and generate excitement. Hosting exclusive tasting events for influencers or allowing them to take over Haidilao's social media accounts temporarily adds an authentic touch to your promotion strategy. This approach can create a sense of authenticity and credibility around your new menu items.

4.2. Suggestion 2

Customer segmentation is a fundamental starting point for this strategy. By categorizing customers into distinct segments based on their dining preferences and behaviors, Haidilao can better understand and serve their needs. One important customer segment to consider is the "time-conscious professionals." These customers often have limited time for dining and value quick and efficient service. To cater to this group, Haidilao can implement several changes. Firstly, the restaurant can offer dedicated seating arrangements, allowing these customers to be seated promptly upon arrival. Additionally, expedited ordering options, such as pre-set menus or mobile app orders, can reduce wait times and ensure a swift dining experience. Another significant segment is the "price-sensitive diners" who always look for good value. Haidilao can attract and retain these customers by offering targeted discounts, exclusive promotions, or loyalty rewards programs. These initiatives provide cost-effective options, making the restaurant more appealing to this segment. For "health-conscious individuals", who prioritize fresh and nutritious options, Haidilao can take steps to meet their specific needs. The restaurant can provide comprehensive information about the sourcing and quality of ingredients used in their dishes, highlighting their commitment to offering high-quality and healthy choices. Moreover, staff can be trained to educate customers about the optimal cooking durations and methods for various ingredients, ensuring that each dish not only tastes great but also aligns with the health goals of this segment. To continually refine and personalize its services, Haidilao should actively seek customer feedback. Establishing a robust feedback mechanism empowers diners to express their preferences, share suggestions, and report any issues they may have encountered during their visit. By closely listening to customer feedback and acting upon relevant suggestions, Haidilao can address immediate concerns and work towards creating a more personalized and gratifying dining experience for each customer. By incorporating these strategies into their service model, Haidilao Hot Pot can strike a

harmonious balance between delivering the consistency associated with a well-established brand and offering tailored experiences that genuinely resonate with the diverse preferences of their patrons. Ultimately, this customized service approach can lead to heightened customer satisfaction, increased loyalty, and enduring success in the fiercely competitive restaurant industry. It ensures that Haidilao remains adaptable and responsive to its customer base's evolving needs and preferences, fostering lasting relationships and sustained growth in the market.

5. Conclusion

In conclusion, Haidilao Hot Pot is well-known in the Chinese catering industry. It's known for its great service and innovative approach. However, the restaurant industry is always changing, and Haidilao needs to adapt to stay competitive.

This research looked at two key challenges Haidilao faces: promoting new dishes effectively and providing more personalized service. To tackle these challenges, this study has made some suggestions.

Firstly, this study talked about improving how Haidilao promotes its new dishes. This study suggested using social media like Facebook and Instagram to share pictures and descriptions of the new items. Emailing existing customers with detailed information and reservation links can also help. Inside the restaurant, well-trained staff can explain and recommend new dishes. Offering samples to waiting customers and using displays can also get people interested. Limited-time offers and special occasion menus can create excitement. Collaborating with influencers and bloggers can boost visibility.

Secondly, this study discussed personalizing the dining experience. This involves identifying customers, like those in a hurry, those on a budget, and those who want healthy options. For busy customers, Haidilao can speed up service. Budget-conscious customers can get discounts, and health-conscious customers can learn about ingredients' quality and cooking methods. Asking for feedback from customers can also help Haidilao improve.

In the end, this research can help Haidilao and other restaurants in the industry. They need to adapt their strategies to keep up with changing customer preferences. While this research focused on the Chinese market, the findings can be useful for restaurants worldwide. Of course, there are some limitations. This study mainly used existing information, so future research could involve surveys and interviews to learn more about what customers want. This would give us even better insights into the restaurant industry.

In summary, Haidilao Hot Pot is a successful restaurant, but it needs to stay flexible to keep its success in the ever-changing world of catering.

Authors Contribution

All the authors contributed equally and their names were listed in alphabetical order.

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