

Analysis of Problems and Countermeasures in China's food Industry: Taking Fast Food Restaurants as an Example

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Abstract. The fast-food industry in China is crucial, as it meets the dietary needs of fast-paced life and promotes the rapid development of the catering industry. The fast-food industry not only provides convenient and delicious meals but also creates a large number of job opportunities, which helps economic growth and becomes an indispensable part of modern society. However, there is very little research related to the Chinese food industry, which brings trouble to those who want to inquire about this information. Therefore, the content of this study is the market situation of China's food industry. The research in this article shows that there are the following problems in China's food industry at present: firstly, the problem of product monotony, followed by food safety issues and brand issues. This study can provide some help for investors and operators who invest and operate fast food restaurants in China now and in the future.

Keywords: China's fast-food industry, food safety, brand.

1. Introduction

The importance of the fast-food industry in today's society cannot be ignored. It is not only an important pillar of the global economic system, but also an indispensable part of people's daily lives. From an economic perspective, the fast-food industry has contributed significantly to economic growth with its large market size and broad consumer base. It has created a large number of employment opportunities and provided a stable source of income for many people. At the same time, the tax contribution of the fast-food industry also provides important support for the national finance. In addition, the development of the fast-food industry has also driven the development of related industrial chains, such as food supply, logistics distribution, etc., further promoting economic prosperity. In daily life, the fast-food industry provides people with convenient and fast catering solutions. Whether it's a busy workday or a leisurely weekend, people can easily find a fast-food restaurant and enjoy delicious food. This convenience has made the fast-food industry occupy an important position in the fast-paced modern life. At the same time, the fast-food industry is constantly innovating and upgrading, providing more healthy and nutritious choices to meet the growing demand for healthy eating among consumers. In addition, the fast-food industry has to some extent shaped the culinary culture of modern society. It influences people's consumption concepts and dietary habits with its unique brand image and marketing strategy. The popularization of fast-food culture has also promoted communication and integration between different cultures, making food more diverse and international [1-2]. In summary, the fast-food industry plays an important role in economic development, daily life, and food culture, and has become a hot research topic.

In recent years, the market size of China's fast food industry has continued to grow. Specifically, the market size of the fast food industry was 795.2 billion yuan in 2016. Affected by the COVID-19 in 2020, the market size grew by 12.7% year on year. However, with the gradual control of the epidemic and the recovery of the economy, the market size of the fast food industry has begun to rebound. In 2021, the market size reached 1099.4 billion yuan, a year-on-year increase of 17.8%. In addition, according to market research data, as of 2022, the sales scale of China's fast food industry reached 710.7 billion yuan, with a compound annual growth rate of 15.32%. In 2023, with the end of the epidemic, China's fast food industry experienced a strong recovery. As of the second quarter of 2023, the scale of fast food restaurants is about 4.16 million, accounting for 48.2% of the national

catering market. Among them, the scale of Chinese fast food restaurants is about 3.978 million, accounting for over 95%.

This study takes the number of stores in three hamburger chain restaurants from 2020 to 2023 as an example to illustrate the growth of the Chinese fast-food industry mentioned above (See Table 1). It can be seen that their number of stores is increasing significantly, which can be seen as a microcosm of Chinese fast-food restaurants, and the entire industry is continuously growing.

Table 1. Numbers of stores

	2020	2021	2022	2023
KFC	>6000	>8000	>9000	>10000
Wallace	>8000	>12000	>20000	>20000
Tastien	>300	>400	>3000	>5000

Although the domestic fast-food industry is developing rapidly, some potential problems have also been exposed. Therefore, this study analyzes these potential problems in depth and proposes targeted solutions to these problems.

2. Questions

2.1. Single Dish

Most Chinese fast-food restaurants have the problem of having a single dish, for example, Longjiang Pig Feet Rice is a very classic Chinese fast-food restaurant. He uses a single product called pork trotters rice as his signature, and his menu mainly focuses on pork trotters rice with other dishes added. He mainly operates on a single product, and although his taste is good, it is easy to get bored. Looking at the prices of his dishes again, the lower unit prices indicate that his target market is the low-end consumer market. The low entry barriers to the low-end market make competition fierce, as a large number of store choices and lower prices increase customer liquidity. In addition, the profitability of the low-end market is insufficient. To make more profits, merchants may make choices in other aspects to reduce costs and achieve higher profits, such as purchasing fresh ingredients, and not investing time and cost in kitchen hygiene and equipment maintenance and upgrading. Because of this, it will trigger another new issue, which is food safety [3-5].

2.2. Food Safety

Many factors lead to food safety, such as source pollution of agricultural products, problems with processing technology, and inadequate government supervision. A more common factor is the food safety issues caused by profit-driven fast-food restaurant businesses in terms of food safety.

At the 315 party in 2022, it was reported that an enterprise was making Laotan pickled Chinese cabbage in a bad working environment, such as throwing smoked cigarettes in the food to be processed in the workplace; In 2023, there was a news report in a university cafeteria in China about the appearance of rat heads during meals, both of which are very serious food safety issues. It seems that there are reports of food safety issues every year, and occasional food safety incidents make people more worried when purchasing food. Nowadays, many people pay more attention to the pictures of the kitchen and dining environment uploaded by the merchants when ordering takeout, and they are more inclined to purchase well-known and reputable merchants when making purchases.

2.3. Lack of Brand

Since KFC and McDonald's successively entered China in the 1980s and 1990s, some local Chinese brands have evolved, such as True Kung Fu. However, many fast-food restaurants do not have the awareness of building independent brands.

Merchants with brand advantages have stronger competitiveness when customers choose merchants. Brand effect can help businesses manage their internal employees; External marketing can lead to lower customer acquisition costs in the long run [6].

Businesses that lack brand building in reality, may have the problem of competing with certain businesses that have already built their brands. Although their products are of better quality than others, they are difficult for customers to discover and recognize compared to brand stores. This problem exists in reality and has caused considerable distress to these businesses.

There is a brand that imitates the names and logos of other brands. Customers who choose this type of brand are likely to choose this store because of the lower price, or because there is no nearby store they want, and this store is a substitute for the merchant they want to go to. These are some problems with imitating other brand stores.

3. Strategies

3.1. Ensure the Quality of Single Dish

Firstly, it is important to ensure the quality of a single dish. Because the store focuses on a single dish, this dish is the flagship dish of the store, which means they need to enhance the competitiveness of the core product [7]. For example, if you want to become famous to a certain extent in a block, for example, if someone in a community asks what delicious noodles are available in this place, the shop owner can ask others to recommend this shop to others. Each product has its audience, although there may be more or less. The purpose of a shop owner polishing a dish is to attract a certain number of fixed customers, who to some extent support the operation of the store. Secondly, it is necessary to increase the number of dishes. It can be achieved through product extension, supplementation, and innovation. Using a noodle shop as an example, the shop owner can extend their product noodles, including but not limited to updating the taste, ingredients, plate layout, and packaging, and then supplement the products, such as soup and dumplings. If customers feel a bit dry after eating mixed sauce noodles, they can order soup again. If they still feel a bit hungry after eating noodles, they can order dumplings again. This is an example. The purpose of making these dishes is to meet the different needs of users during meals and make up for the shortcomings of the product. Innovation in products can combine Western and Eastern elements, as well as other cultural and local elements. The purpose of innovation is to bring new experiences to customers meet their constantly changing needs and increase the competitiveness of merchants.

3.2. Food Safety Issues

If there is a problem with food safety, it may affect the operation and reputation of the store, and food safety issues are very important [8]. There are several key points to do a good job in food safety. There should be principles in procurement, and strict procurement standards should be established, such as not purchasing expired products to ensure product quality, and attention should be paid to testing reports when purchasing poultry products. In terms of the hygiene environment in the store: establish qualified standards and clarify work tasks for each employee, as well as strict quality supervision should be carried out in the store.

Another point is, how should businesses handle food safety accidents in their restaurants. Here is a case of Hai Di Lao. On August 25, 2017, a media outlet exposed that the kitchen of a store was not clean. On the day of the report, the store issued an apology letter and a notice of closure for rectification. In addition, the brand organized all stores to conduct inspections and upgraded monitoring equipment to implement networked monitoring. Now it seems that their handling of this incident has been very successful. One reason is that most people now praise Haidilao's services, and the other reason is that their revenue from reviewing their financial statements increased by 30 billion yuan from 2017 to 2023.

Every store should find ways to avoid food safety issues before they occur because food safety issues cannot be allowed to occur. Stores need to ensure that they do not make mistakes in procurement and do not slack off in cleaning before problems occur so that every manager and employee has food safety awareness.

3.3. Building a Brand

Firstly, for unbranded stores, their question may be how to establish a brand [9]. For stores that have not established a brand, they need to be clear about their goals and product characteristics. For imitative brands, their problem may be that it is difficult to attract customers without lower prices, and if they completely imitate the product, they will lose the first mover advantage of the new product. For these businesses, they can increase their brand awareness through advertising and marketing. Here is a successful case of a well-known biscuit brand, Oreo. At its inception, it imitated Hydrox and even their biscuit patterns. However, Oreo gained brand awareness through its name (Oreo) and marketing advertisements (Oreo: Twist Lick Dunk). They identified their target market and mainly sold these biscuits to children, who have better memorable names and deeply ingrained advertisements. So, for brands that imitate others, finding a breakthrough in advertising and marketing through advertising are key steps. At the same time, the brand cannot lower its standards for product quality. For existing brand stores, there may be management issues with other chain stores, such as how to ensure that the quality of each branch is as consistent as possible. It can be learned from McDonald's management system that the quality of products in each of their stores is almost the same, which not only depends on their products being easy to replicate but also on their employee management system. This is a good answer for others [10].

4. Conclusion

Currently, the Chinese economy is growing rapidly, while the fast-food industry is also showing a thriving trend. In traditional Chinese culture, there is a saying that "food is the top priority for the people", which fully demonstrates the extremely important position of food culture in the hearts of the Chinese people. This study focuses on the current market situation of the Chinese food industry, as well as the singularity of product types, hidden dangers in food safety, and brand-building issues. Through the analysis of this study, it is hoped that it can provide a reference for current and future investors or operators in the Chinese fast-food market.

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