

Research on the Problems and Optimization of Marketing Strategies of Chinese Hot Pot Restaurants

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Abstract:

With the continuous development of society, the popularity of hot pots in China remains strong, but the market faces several challenges. This paper aims to analyze the marketing strategies of the Chinese hot pot industry, focusing on both historical trends and contemporary approaches. It begins by outlining the current state of the market, discussing the evolution of hot pots and key marketing strategies adopted in recent years. Haidilao, a standout player in the industry, is used as a detailed case study, with emphasis on its exceptional customer service and innovative marketing techniques. Despite its success, the hot pot market faces three critical challenges: intense market competition, overly standardized marketing and product offerings, and a lack of innovation in ingredients, which raises concerns about food safety. This paper delves into the root causes of these issues and proposes actionable recommendations for addressing them. Solutions include enhancing product differentiation, adopting more diverse marketing approaches, increasing innovation in menu offerings, and improving food safety measures to sustain long-term growth in the hot pot industry.

Keywords: Problems; Optimization; Marketing Strategies; Chinese Hot Pot Restaurants

1. Introduction

Hot pot is one of the popular foods in China. It is named for the “gu dong” because when people would put the food into the boiling water. It is one of China’s original cuisines and the way of cooking food. It has different kinds of types, including a copper pot with meat, spicy and hot soup, clear soup, lamb, and sour soup. In general, it refers to the container as the pot. (Wikipedia) People usually add water and soup

to the pot, and then when the water and soup become boiled, they put the food in it. Recently, people have been eating hot pots during the winter. It is popular among the young people.

The hot pot’s history began in 1821-1851 in Lu Zhou, Sichuan province. The book “Wei” records that during the Three Kingdoms period, the hot pot was made of copper and used to cook pigs, cattle, sheep, and chicken. At that time, it was not very pop-

ular. During the North Song dynasty, the eating method of hot pot was common among the folk, such as Bianjing Kaifeng tavern. In the Yuan Dynasty, the hot pot spread to Mongolia, the Ming Dynasty, and the Qing Dynasty. The hot pot It already has 2000 years. It has different styles, such as the Sichuan and Northern styles. Sichuan-style hot pot combines hot and spicy flavors, and it is famous for its hot and numbing taste. People put various foods into the pot, like pig's liver, cattle's yellow throat, and some vegetables. When the food was fully cooked, people would dipping with sesame sauce. Most people would eat the meat with dipping sauce according to personal preference, and the most popular dipping sauce for Northern-style hot pots is sesame sauce. The difference between the Sichuan style and the Northern style is the Northern style hot pot doesn't use a flavored soup base [1].

Additionally, regarding the hot pot marketing strategy, China has a lot of hot pot restaurants, and they use a lot of different methods to attract customers. The pandemic has been going on for the last three years, and it has had some influence on the economy. Many hot pots offer some discounts and different discounts for the customer, like buy one get one. This marketing method indeed attracts many customers to eat frequently in their stores. In Chengdu, people can not only have delicious food but also can go dancing, adding some color to their dining experience. For example, Haidi Lao is one of the popular hot pot brands, and most young people like to eat it. There is an article that talks about Haidi Lao's marketing strategy. It was established in 1994, and in recent years, they extended their companies to overseas countries. There are over 20 restaurants in the foreign countries in 2017. Haidi Lao opened their restaurants in other countries, including Asia, Europe, America, and Australia [2]. The Haidi lao used innovation and customization to create the co-creation between the food experience and the customer for the ordering stage. Haidi Lao is more focused on the customer's experience. The first marketing strategy is providing a discount. During some festivals, Haidi Lao gives discounts on specific foods. When people order the dishes, they use the tablet to choose the soup base. In the restaurant, they also offer a variety of fruit and desserts for customers to eat. The fruit and dessert are unlimited, and people can choose the dessert or fruit by their own preference. If someone wants to celebrate a birthday, the waiter will provide a performance for them. Their purpose is to give the customer a great dining experience in their store. Nowadays, some people take their friends or family members to eat hot pot in Haidi Lao. The second marketing strategy is to provide a premade dish, which means the food is already fully cooked. Customers can take the food to eat at home, and people can heat it for a few minutes. Premade

food is very convenient for all migrant workers because they are pretty busy at work, and sometimes, they don't have much time to eat dinner. On social media, Haidi Lao would write some official articles on the WeChat official account. People can know what the discounts and recent activity in the store [3].

2. Case Description

Haidi Lao is one of the famous hot pot restaurants, and they have some ways to attract customers. The first reason is that they provide good service. The way that Haidi Lao restaurant attracts its customers. The first way is to provide good service because good service would give the customer a good impression. Haidi Lao has a special way of serving customers, and there is a unique service in Haidi Lao. In recent years, Haidi Lao restaurants provide different snacks at the Haidi Lao restaurants. Besides the delicious food for the hot pot, they also provide beauty service for the customer who wants to decorate their nail. Compared with other hot pot brands, they only offer food and drinks for the customer. As people enter the restaurant, the place to decorate the nail is at the entrance. Many young people choose to eat the hot pot in the Haidi Lao. When they enter the restaurant, they will see it. Most girls like to go here to decorate their nails, and the nail technician will ask their preference for the nail. Girls can choose one of the nail styles they like and tell the technician to put on their nails. The place of making manicures attracts them to decorate their nail.

About another aspect, Haidi Lao would also provide different kinds of the snacks for the customer. This is mainly because sometimes, during the weekend or the holiday, there are a lot of people waiting outside the restaurant. They need to wait for some time to get the seats, and it takes a long time for those two periods. Customers can eat the snacks and enjoy the pleasant environment with family members. Haidi Lao uses a method called "mouth marketing" through social media. Some apps that can let people write their thoughts and perspectives about the stores and restaurants that they have visited before, like Meituan and Da Zhong DianPing. One of the Weibo users posted a blog about Haidi Lao's service, and it became popular on Weibo. Haidi Lao used that article to publicize their good service.

3. Analysis of the Problem

3.1 Problem-Identified Analysis

3.1.1 The market is too competitive

For Chinese people, hot pot holds an irreplaceable place

in people’s hearts. When in a bad mood, people will want to eat hot pots, hot pots on rainy days, and hot pots in winter. Chinese people often say that “nothing in a hot pot can be solved”. Therefore, hot pots are very popular among consumers in China. As shown in the figure, consumers’ preference for cuisines ranks second [4]. The hot pot industry entry threshold is also very low, and it is easy to enter the industry. Customers do not need a lot of skilled chefs, and they do not need very complex cooking techniques or equipment. Customers can open a hot pot

restaurant and attract customers. Therefore, many people with business opportunities want to take this opportunity to seize people’s interest and join the catering industry. With the increasing number of hot pot restaurants and most of the hot pot restaurant types being very similar, the types of products are much the same. In general, the difference between each hot pot restaurant is not obvious. As a result, the homogenization of the market is increasing, and every hot pot restaurant wants to have a place in the industry.

Table 1. Cuisine preferred by consumers in 2021 [5]

Cuisine	Chinese Fast Food	Hot Pot	Barbecue	Buffet	Malatang
proportion	48.6%	44.3%	38. 8%	35.9%	34.2%
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3.1.2 Marketing methods and products are too unified

With the continuous development of The Times, it is difficult for universal products to arouse people’s consumption desire in massive information. Although the types of hot pot are very rich, such as meat, dishes, seafood, internal organs, meatballs, and staple food, every hot pot restaurant will have products that also need to be improved. Product creativity is very important for the appeal of customers, especially in the era of such a developed network, where people accept a variety of information every day, which is very large [6]. Most hotpot restaurants are also very creative and have no particularly novel ideas. In terms of marketing strategy, many stores also stick to the traditional publicity means, just finding some famous bloggers to shoot videos about hot pot restaurants and post them on social media or post photos to attract traffic or set up some group buying or discount activities. However, these ignore the interaction with customers and the real needs of customers, and the delivery of hot pot is very small, will also lose part of the opportunity to increase exposure. The traditional era of publicity big data is no longer suitable for the current catering competition, and people pay more attention to the restaurant praise on the catering platform, as well as the restaurant environment photos on the platform, dishes, customer evaluation, ranking, scoring and so on [7]. If it can be praised on the platform, it will greatly increase people’s desire for consumption and leave a good impression on people.

3.1.3 Food safety cannot be guaranteed

Now, many hot pot restaurants, in order to save time and cost, do not wash the dishes clean and even put the bad leaves below, reflecting a large number of dishes. Many dishes look very stale, which will reduce people’s appe-

tite, so as to leave a bad impression on people, repeat customers will gradually decrease. Some hot pot shops will even use the bottom of the pot twice. Some time ago, the Internet spread a piece of news about many hot pot bottoms in order to confirm that they will not use the bottom of the pot twice, will pour ink in the face of customers in the hot pot after the customer has finished the meal, but in fact, they will still separate the ink and then use it. The explosion of this kind of news will undoubtedly greatly reduce people’s trust in the products of hot pot restaurants and will lose part of the customer flow. There are many similar situations. For example, there are small bugs in the meat, some snacks are made in advance, and pre-prepared dishes are not fresh. There are some bad phenomena, such as hair in the dish. The dirty, small-material table situation will also reduce people’s appetite. This series of situations will lose a large part of customers, even if the propaganda is more advanced, but the bad dishes will still reduce people’s desire to consume.

3.2 Reason Analysis of the Problem

3.2.1 Stores’ high homogenization and fast change speed

Hot pots are a way of eating for all ages; their benefits are warm and relaxing, and the dishes are rich and varied, which can meet the needs of all tastes. Compared with other industries, the hot pot catering industry has entered a white-hot stage in recent years. According to ambiguity consulting data, in 20221, China’s hot pot industry market planning reached 499.8 billion yuan. In 2022, Haidilao hot pot stores 1443, Xiaolongcan old hot pot stores 900, Xiabu Xiabu stores 814, and Little Sheep 721 (the above are big names in China’s hot pot industry) [8]. In addition,

there are many hot pot brands all over the country. It can be seen that the number of hot pot restaurants in China is huge. This greatly increases competitiveness. The hot pot restaurant dish style and standard degree are very easy to copy, management and business model are mostly the same, and there is no difference between most hot pot restaurants, like cloning. As a result, homogenization is increasing. In addition, according to the China Chain Experience Association's "China Chain Catering Industry Report 2022" data, half of the hot pot catering enterprises have a life span of less than 5 years, and more than 30% of the hot pot catering enterprises have a life span of less than 2 years [9]. In order to have a place in the industry, many big brand hot pot restaurants have a variety of methods, whether it is new products on the line or taste adjustments, or regional marketing, which is trying to do everything possible to outperform competitors. Therefore, in such a large number of rapid updates, homogenization, and a high market, competition is very fierce.

3.2.2 Products lack innovation and marketing lags behind

Today's products lack fun and innovation. The food in almost all stores and the products marketed are the same. Homogenization is increasing, and it cannot meet the differences in consumer needs. Many stores are not willing to innovate or do some ineffective innovation due to the lack of attention to product content. Hot pot ingredients are in circulation on the market in every store, and many businesses are just content with the status quo and are not willing to spend time and energy researching new products to improve people's interest. In addition, the marketing methods of many hotpot restaurants are very traditional, which are only limited to using the number of fans of bloggers to shoot videos and share them on social platforms or use some ways such as group buying or discounts to attract customers, but they lose many new ways to improve their exposure and popularity. Nowadays, people's lives are getting busier and busier. Many people tend to order takeout, and hot pot occupies an important position in people's hearts; there is a large demand but a small supply phenomenon. Moreover, many stores do not pay attention to the marketing methods of online stores, the product quality, and sales methods of takeaway food as the feedback of customers, resulting in the loss of a large part of the store's income. The praise on the platform is also a marketing means, and people are more inclined to check the reviews on the network platform when choosing a restaurant. Decide which restaurant to choose based on the above environment photos, ingredient photos, ranking, and some consumer reviews. If company can create a good image on the network platform, it will greatly increase the exposure and the number of consumers. Perfecting scene

design and utilizing different elements are also important aspects of marketing development. Improve the good consumption environment, e.g., scenario setting and different cultural settings [9]. The store environment can provide consumers with a good dining and social environment. And the profound environment will leave a deep impression on customers and increase the return rate. The store environment will establish a good brand image and brand culture; only a good initial impression will make consumers want to consume from the heart, to bring consumers a good dining experience. In addition, with the continuous development of The Times, many young people will come to restaurants to eat because of the characteristic environmental design or specific scenario setting. Even if the taste of the food is ordinary, they will still choose to try it. However, in this respect, many stores often do not pay attention to it, so they lose a lot of traffic and customers.

3.2.3 Supply chain management is lacking, market supervision is not in place

The quality of the product occupies a very important position in the marketing strategy, and many consumers are also very concerned about product safety. However, many stores do not have stable suppliers, and it isn't easy to find a supplier with a good reputation for fresh and stable food. In addition, the relevant responsible personnel and management personnel are not highly motivated to find good suppliers, which leads to food problems easily [10]. Fresh products are the best means to retain consumers, but many stores do not pay attention to suppliers or supply chain management, so it is easy to neglect a lot of problems and some security risks. In order to save time and cost, the store will lower the standard of food ingredients and sell some stale things to customers. In addition, the store often uses prefabricated products to save time, but this is not good for people's health. In this case, the market supervision lacks the management of the store. Instead of always paying attention to the food safety of the restaurant, the management only occasionally makes a surprise inspection of the store, and after the inspection, there is no guarantee that the store will not make the same mistake again. Therefore, many stores will appear lucky psychology after the inspection is still in accordance with the previous bad standards for business. Very few chains have in-house staff who regularly inspect all aspects of product safety, hygiene, and so on, and they are very strict in order to protect their reputation and brand image. The relevant rules are not perfect enough to fully control the staff to operate in strict accordance with food standards and do not play a role in supervision and restraint, and the relevant punishment measures do not play a regulatory role in the store.

4. Suggestion

4.1 Establish Brand Image and Precise Positioning

Hot pot restaurant owners can establish a personalized brand image and find their own market characteristics in which to operate. This approach can improve the differentiation between hot pot restaurants so as to reduce the speed of change. For example, the main market positioning of Haidilao is good service; they will provide customers with manicures, shoe shine, singing birthday songs, and other services, and customers are more in order to experience the warm service of Haidilao and choose to eat, rather than just because of the food. For different kinds of hot pots, market positioning should be different. For example, Chongqing hot pot should pay more attention to the taste of the pot bottom and attract customers with authentic hot pot bottom taste. More dishes in Chongqing hot pot are animal viscera, such as duck intestines, pig brains, duck blood, and so on. And these products are the aspects that can separate it from other kinds of hot pots. The owners of hot pot restaurants in Chongqing should seize this point to sell. Halal hot pot is more about mutton. The bottom of the pot they use is different from the look of the pot, and they should use this to advertise and show that they are different from other hot pot restaurants. Different types of hot pots have different market positions. The hot pot restaurant should seize its own positioning and improve its differentiation from other hot pot restaurants. Not just to open a hot pot restaurant but without the characteristics of their own brand. Use this method to reduce the number of competitors. Not all hot pot restaurants are competitive objects. Only the same kind of hot pot restaurants are competitors. After each hot pot restaurant has its own characteristics, the speed of change will naturally slow down. Different kinds of hot pot restaurants have corresponding audiences. Demand will increase with customer preference.

4.2 Build Offline Personalized Environment Experience and Improve Online Marketing Strategies

For the offline environment, the store should create a different dining environment. Use personalized environments and different elements to attract traffic—for example, mahjong elements, antique elements, punk elements, nostalgic environment, and so on. The use of this different environment creates a different atmosphere in order to stimulate the customer's deep feelings and emotional resonance. This is also conducive to the store finding its own market position and establishing its own brand image. For

customers, the taste of the dishes is one thing, but the dining environment and atmosphere are also important. In the online environment, stores should pay attention to the interaction with consumers online. Should promptly review and reply to the customer's evaluation, the problem raised by the customer humbly accept, and rectifications made. Store owners should also pay attention to the ratings and preferential strategies on the platform. Nowadays, with the continuous development of the Internet, people often choose hotels by checking the reviews and rankings on the platform. Store owners should not only create a good offline brand image but also establish a good online brand image. Timely update the pictures of dishes and the environment of the store on the platform, strive to make every customer have a good dining experience and give good comments on the platform. In addition, the store should also prepare some group-buying preferential strategies to display on the platform. Nowadays, people are more and more accustomed to using group buying, which is not only affordable but also rich in dishes. If the store adopts a very affordable group purchase method, it will attract a large wave of traffic and then make a profit. Store owners should also make good use of this channel. People's lives are getting busier and busier, but people's love for hot pot has never decreased. When people choose takeaway hot pot, only a few hot pot restaurants will provide this service, but the timely delivery of food quality is also very poor. If hot pot restaurants can also bring the offline dining experience to customers in terms of takeout, it will certainly attract a large part of workers to consume. This is a big opportunity. For the innovation of dishes, a special time and staff should be set up to try and innovate dishes. Company can make some adjustments to the design of dishes and the combination of dishes or the taste of dishes. Employees need to be encouraged to be innovative and motivated.

4.3 Create a Transparent Kitchen and Improve Internal Product Supervision

Create a 360-degree kitchen without dead ends, and move the kitchen to the front desk so that customers can clearly see the environment inside the kitchen and the process of making dishes. Customers can clearly see each process and whether raw materials are used. This approach can greatly increase trust in food safety [10]. The store should also set up disinfection cabinets in the view area of customers. In this way, when taking tableware to customers, they can clearly feel the cleanliness of the tableware and improve the trust in the store. In the back of the kitchen warehouse, mark the date and origin of each product to ensure that when customers ask, they can answer accurately. In addition, the store should set up a special staff

to manage the ingredients and set relevant rules and strict implementation. Every effort should be made to ensure the stability and safety of the supply chain, even if the cost increases, to ensure the safety of food. Do not use expired or fresh products, and do not use the bottom of the pot twice. If the store can do these two things openly to the customer and let the customer supervise, it will also greatly improve the customer's trust in the store. The store manager should ensure the work quality and attitude of the internal management staff and also check food safety regularly.

5. Conclusion

In conclusion, this paper highlights several key challenges facing the hot pot industry today, specifically in terms of marketing strategies and food delivery. Current marketing approaches are often overly simplistic. Many hot pot restaurants in China rely on similar promotional methods, such as leveraging popular celebrities or social media influencers to share their dining experiences online. This tactic is particularly effective among young consumers, who frequently use social media and restaurant review apps to guide their dining choices. However, the standardization of dishes across restaurants suggests an opportunity for innovation, which could help differentiate brands and attract new customers.

With respect to food delivery, several issues persist. Young consumers increasingly depend on food delivery apps for convenience, selecting and ordering from restaurants online. To stay competitive, hot pot restaurants could offer more frequent discounts on higher-priced dishes, catering to the demand for affordable options. Moreover, maintaining high standards of food quality is essential for sustaining a positive reputation. Fresh and high-quality ingredients not only enhance the flavor of the hot pot but also foster customer trust and satisfaction. Ultimately, ensuring consistent food quality is a key strategy for hot pot restaurants aiming to strengthen their public image and customer loyalty.

Authors Contribution

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

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