

Literature Review of Catering Industry Marketing Strategy in China

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Abstract. This study aims to review the literature on marketing strategies in Chinese catering industry. A large part of advertising is dedicated to changing consumers' views and priorities, either by instilling favorable attitudes or eliminating negative attitudes. To avoid credibility issues or uncertainty, the ethical aspects of the study were taken into account. The results revealed that the shift in customer priorities posed a challenge for marketing management in the Chinese catering industry during the new coronavirus outbreak. Future investigators should collect raw data to conduct research, as it will provide detailed information about the study topic.

1 Introduction

In the current economic situation, running a restaurant chain is a very competitive business. Despite the fact that the size of China's catering market has remained largely unchanged, some Chinese catering enterprises have had substantial success as they expand into other markets. By 2020, the total revenue of China's catering industry is expected to fall by 16.6% to 3.95 trillion yuan as a direct effect of the coronavirus (COVID-19) outbreak. On the other hand, the implementation of COVID-19, has accelerated the process of industrial restructuring and business model innovation. The rapid growth of online food delivery services contrasts with trends in the retail business and the proliferation of chain stores. The business is expected to maintain rapid growth in the coming years, and it is predicted that the total catering market income would surpass pre-pandemic estimates in 2021. The catering industry in China recorded sales of 4.7 trillion yuan in 2021, up more than 19 percent from the previous year. The market for food delivery is expanding quickly, as younger customers are becoming more at ease with the idea of ordering food online. China's food delivery and catering industry generated 664.6 billion yuan in 2020, an increase of 15% from the previous year. Catering Industry occupies an important position in China's service industry, and this paper provides a comprehensive examination, using previous research publications related to marketing strategies in the catering industry. The data collected from various surveys were carefully considered to accomplish the aims and objectives of the study. The researcher explored marketing strategies in China's service industry that can influence customer satisfaction and loyalty, which can lead to increased success of the organization. Thus, the researcher has identified gaps in previously published studies that

need to be addressed in an effort through ongoing research.

The remainder of this paper reviews the challenges of marketing management in the Chinese catering industry during the COVID-19 outbreak and the role of marketing strategies in consumer satisfaction and loyalty in the Chinese catering industry, respectively.

2 The challenges faced by the Chinese catering industry in marketing management during the COVID-19

The impact of COVID-19 on people's health was the most significant and obvious. Even if the economic destruction brought on by this pandemic is unlike any past tragedy that anyone alive today can recall, it is nonetheless a disaster [1]. This is particularly clear with the COVID-19 outbreak, which has left the travel and hospitality sector in a state of uncertainty. Both the tourism and hospitality sectors, as a cause of the epidemic and a target of its impact, depend on the movement and proximity of people [2]. The catering industry is facing major difficulties due to the COVID-19 pandemic. Jia Guolong, the chairman of Xibei Restaurants, asserted that, if the current trend continues, the company may file for bankruptcy within three months [3]. The explanation provided by Mr. Jia shows that some of what he says about the current state of the industry is true. Some Grand Gateway Group companies have chosen to cease their operations to reduce the possibility of direct physical contact between employees and customers and better protect themselves [4]. However, there is a gap in the literature due to the lack of actual evidence on the marketing management difficulties encountered by Chinese restaurants during COVID-19. Therefore, the researcher

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aimed to explore this area to fill the gap in the existing literature.

The abrupt COVID-19 outbreak during the Chinese Lunar New Year has put the once-burgeoning hotel industry at risk.. In China, the Lunar New Year is the most important event. In the past, except for the fourth and fifth class cities, the percentage of important cities and tourist destinations was between 80% and 90% during the Lunar New Year, respectively [5]. However, the number of overnight visitors in big hotels has dropped sharply under COVID-19. This was one of the epidemic's unfavorable outcomes. Industry groups and consulting firms have conducted numerous studies on the overall demise of the Chinese catering industry. According to the China Restaurant Association, the country's hotel industry lost more than 67 billion yuan (about \$9.44 billion) in income between January and February 2020 [6]. Hotel occupancy rates, or OCC, fell to 8% between January 14 and January 28 and stayed there for the following 28 days [7]. During February, approximately 40% of hotels were closed for various periods of time. According to Zhang et al [8], hotel revenue per available room fell by more than 85% year-over-year in February in several major cities. Around mid-March, the epidemic began to subside, and the hotel industry quickly followed suit. The fact that a day of shore excursions was included in the Qingming holiday package reduced hotel demand.

The first major holiday since the outbreak started with the Labor Day weekend, when people get five days off [6]. According to estimates from the Ministry of Culture and Tourism, 115 million Chinese tourists visited during this time period, bringing in 475 billion RMB (\$6.69 billion). Hotels were particularly hard hit by COVID-19 between January and March 2020 in China.

The BTG Hotel Group recorded sales of 801 million Yuan (\$112.86 million) in the third quarter. As a result, the group's revenue fell 58.80% on year. Dossen International Group, the world's 14th-largest hotel chain, reported an 80% drop in revenue and a 50% drop in operational costs from the previous year. Additionally, the Sunni Group, the seventh-largest hotel operator in China, shut down 2,544 hotels due to an average occupancy rate of 23.7% in February and a revenue loss of over 700 million Yuan (about \$98.64 million) from January to February. The impact is everywhere, including international hotel companies. IHG shut down 160 of its 470 hotels in China in February, which caused the occupancy rate to fall from more than 90% to less than 10%. Hilton plans to stop operating at 150 of its hotels in China as of February 11, 2020.

As an example, Marriott's RevPAR in Greater China decreased by more than 80%, while Accor's RevPAR in the country decreased by 67.7%. The COVID-19 outbreak began to slow in mid-March,, and the hotel sector started to recover soon after. The demand for hotels decreased as a result of the one-day shore excursion being included in the Qingming vacation package. After the outbreak, Labor Day Weekend marked the start of the first important holiday season, giving people five days off. China's Ministry of Culture and Tourism estimated that 115 million Chinese

tourists visited the nation during this time, bringing in 47.5 billion Yuan (\$6.69 billion) in revenue.

As shown in Figure 1, which was derived from a sample of 4,315 hotels with 888,957 rooms using STR-based data. this was the case from January to March 2020. (See Figure 1) [9]. Independent and upscale hotels were hit the hardest, while mid-priced and low-priced hotel chains were relatively unaffected. As an example, Marriott's revenue per available room in Greater China fell more than 80%, while Accor's RevPAR in China dropped by 67.7% [10].

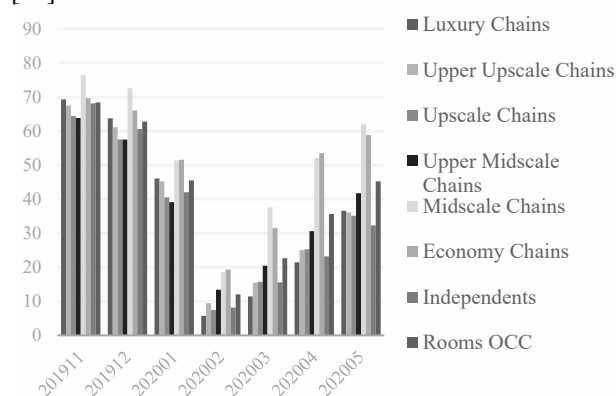


Fig. 1. Impact of COVID-19 on Chinese hotels [9].

The three major problems faced by catering companies are pressure on employee costs, reduced revenue, and pressure on store rentals. According to a survey published by the Chinese Catering Association, the average cost of labor and rental space accounted for 32.67% of the total revenue of catering companies, while the average cost of raw materials accounted for 41.31% of the total expenses. Cash flow problems have been a major problem for catering companies after COVID-19 outbreak, which cost them about 90% of their operating income [10]. This resulted in substantial fixed expenses such as labor costs and rent, in addition to significant losses due to raw material costs. According to the survey, only 9% of restaurants had the ability to maintain liquidity for more than three months; 31% were able to maintain cash flow for one to two months, and 27% said they could not continue in business [9].

Due to the proximity of the COVID-19 outbreak to the Chinese New Year, celebrations either need to be moderated or possibly postponed altogether. The decrease in gift-giving had a major impact on sales of wine and other types of alcoholic beverages. On the one hand, a huge blow has come to the service sector, which includes the restaurant business [11]. On the other hand, the demand for already prepared or frozen items has increased. The outbreak has not yet spread to dairy products or condiments. Therefore, these categories have not been affected [9].

3 The role of marketing strategies in consumer satisfaction and loyalty in the Chinese catering industry

It is important to remember that while companies and organizations need to continually bring in new consumers to

be profitable. Cultivating customer loyalty is equally important to the overall success of the company. It costs five to 25 times more to attract new customers than to retain existing ones, so improving customer retention has the potential to have a huge impact on a company's bottom line [12]. Loyal customers are a company's most valuable asset because these customers not only offer insightful advice and criticism but are also more likely to make additional purchases in the near and distant future. Relationship marketing is a different strategy it is not simply about acquiring new consumers. But if done well, relationship marketing may provide some otherwise unattainable benefits to a business [13]. Modern customers have access to a wider range of products and services than ever before. In Facebook, people can find advertisements for all kinds of products and services within minutes. Since customers have so many choices, it is difficult for companies to attract them to use their products and services, and retain them as customers [14]. The company values its customers in order to stand out in the market and build long-term relationships with their customers. However, the above information does not highlight the role of marketing strategies in consumer satisfaction and loyalty in the Chinese catering industry, creating a research gap in the existing literature..

Customer value refers to the level of satisfaction that customers are expected to experience and is related to the amount of money spent to perform a particular action. Business strategies in the catering industry place a high priority on providing quality customer service to demonstrate their concern for customer preferences and requirements [15]. Content marketing is an alternative form of advertising that offers a unique benefit not only to the business but also to the customers it serves. For example, content marketing generates three times as many potential custom as paid search. Marketing strategies often include material designed to educate customers on how to get the most out of the services offered by the restaurant [16]. If a company gives its customers information that is constantly of excellent quality, they will become interested and actively become loyal to it. Because of this, literature instructing customers on how to get the most out of the products and services offered by a restaurant can be very valuable to these customers.

Providing customers with a unique experience is one of the most effective ways to achieve sustainable growth in an industry that is currently at a standstill. To stay ahead of the competition, companies need to look at more survey data to understand the requirements of their target audience [17]. In this context, the company's ability to fully understand the entire customer experience from beginning to end, as well as the ability to delve into specific interactions. Catering companies prevent future difficulties by reducing the number of calls they receive about the same issue, which in turn prevents future difficulties by identifying and removing the most prevalent barriers for customers, as well as areas for development [18]. A better grasp of how customers behave can increase the level of consumer satisfaction. A large part of advertising is focused on trying to change consumer's views and priorities, either by developing favorable customer attitudes, strengthening existing good attitudes, or eliminating bad ones [19]. The way a person feels, the way they perceive it, how they

learn from it and the way they behave as a result, all influence their attitudes toward things, people, or events. When a consumer likes an advertisement as well as other forms of marketing communication, the likelihood of the consumer buying the product increases. According to the concept of planned behavior, it is a fact that a person's thoughts and behaviors do not always correspond to each other [20]. There are many factors, including a person's personality, family life, work path, and cultural upbringing, that contribute to the formation of his or her values. Everything an end user does, whether it is something concrete or intangible, can fall under the general category known as "consumer behavior". If a company can appeal to the fundamental principles its customers hold dear, it will be more likely to convince them to buy its goods [21]. When it comes to getting feedback and making quality changes, companies measure consumer satisfaction with their products and offerings by focusing on their needs. This is the single most important factor in both categories.

A strong presence on social media is an important part of any marketing strategy. It is estimated that 95% of people who use the Internet follow a brand on at least one social media platform. When developing social media campaigns, it is important to consider the goals of the food service establishment and its brand. Food service companies have incorporated social media buttons in their email marketing materials to make it easier for new and existing customers to interact with the company on social media [21]. Despite the rise of social media, email still plays an important role in relationship marketing. Email marketing provides companies with the option to maintain regular communication with their customers, allowing them to better meet their needs. When customers check their emails, they are less likely to be exposed to any other fascinating media. To ensure that the company communicates successfully with its recipients, it starts by using email verification tools. Catering companies that want to retain their customers consider sending them automated emails at an appropriate frequency [16].

It may be challenging to determine how to effectively promote customer loyalty and retention, but a well designed loyalty programme may have a significant positive impact on a business's bottom line. Even though developing an effective customer loyalty programme is not always straightforward, the advantages of having one make the effort required more than worthwhile. However, there is a gap in the literature since the aforementioned studies do not pay enough attention to the role that marketing techniques have in upholding client loyalty and satisfaction in the Chinese catering industry. In order to fill the gap in the literature, the researcher is conducting this study to explore this issue.

4 Conclusion

This article summarizes the readings that have been completed by the researcher that show a basic understanding of the topic. The researcher will need to go into a number of related issues in order to solve the issue. Finding the gaps in the literature when formulating research objectives. A review of the available literature leads us to

conclude that the sudden outbreak of COVID-19 during the Chinese Lunar New Year, which is considered the most important occasion in China, casts a shadow of doom over the country's once thriving hospitality industry. A huge blow has been delivered to the service industry, which includes the catering industry. Marketing strategies used by the restaurant industry often include material designed to educate customers on how to get the most out of the services offered by the restaurant. If a company gives its customers consistently high-quality information, they will become interested in its business and take the initiative to become loyal customers. A large part of advertising focuses on trying to change consumers' opinions and priorities, either by fostering favorable attitudes among customers, supporting existing good attitudes, or eliminating bad ones.

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