

Research on Product Structure Optimization of Small and Medium Sized Chinese Fast-Food Chain Enterprises

—Take Yantai Lanbai Catering Co., Ltd. as an Example

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ABSTRACT

The catering market is huge and scattered. For Catering enterprises, the renewal and structural adjustment of their products have become the necessary work to base themselves on the market and further develop. Taking Yantai Lanbai Dining Co., Ltd. as an example, combining with product structure theory and product optimization theory, according to Boston Matrix, this paper analyses the current product structure of the enterprise, and puts forward the improvement scheme of the product structure, which can play a certain reference role for the similar small and medium-sized chain fast food enterprises.

Keywords: *Product structure optimization, Boston matrix, Chinese fast-food.*

1. INTRODUCTION

According to the data of the National Bureau of statistics, the national catering revenue will reach 4.6 trillion yuan in 2019, with a year-on-year growth of 9.4%. According to the data of Shandong statistical yearbook, in 2016, there were 340 catering and accommodation legal entities above the quota in Yantai, with more than 20000 employees. The turnover was 8.29 billion yuan, and the catering income was 6.04 billion yuan. Although the catering industry has a huge market, the threshold is low and cross-border participants are constantly emerging. With the change of consumers' behavior and habits, new requirements are constantly put forward for the products and products structure of catering industry.

2. OVERVIEW OF YANTAI LANBAI CATERING CO., LTD

2.1. Company Profile

Yantai Lanbai catering Co., Ltd. was established in 1998. Its business scope is mainly fast-food restaurants, Chinese food production and sales, production and processing of pasta products. At present, the company has more than 300 business outlets, such as fast-food

restaurants, exclusive kiosks, kitchens and hotels. In 2008, it became one of the 20 "breakfast project demonstration enterprises" in China; in 2010, it was rated as "top 50 fast food enterprises in China".

2.2. Company Development History and Product Structure Adjustment History

In 1998, Yantai Lanbai catering Co., Ltd. was established. Its main business scope is staple food processing industry; In 2003, the company carried out the second venture and opened the first regular fast-food restaurant in Yantai; In 2010, the company investment established Lanbai Haitian restaurant to provide catering services for medium and high-end customers; In 2013, the company extended to mass catering market around the Food City.

2.3. Product Structure Analysis of Yantai Lanbai Catering Co., Ltd

Yantai Lanbai food Co., Ltd. has four workshops, which are pasta workshop, pastry workshop, rice product workshop and bean product workshop. Yantai Lanbai catering Co., Ltd. is mainly engaged in Chinese fast food, including pasta, steamed bread, hot dishes, cold dishes and congee. After investigation and analysis,

the business volume of various products accounts for the following figure 1.

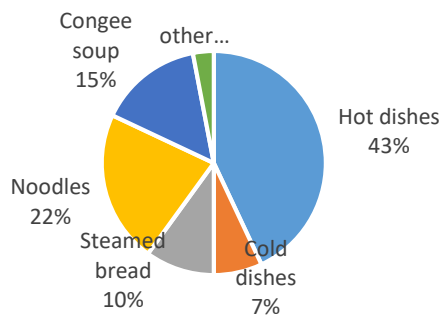


Figure 1 Proportion of sales volume of main products in Yantai Lanbai stores

According to the Boston theory, it can be seen that the company lacks star products. The products with relatively high market share are in a stable situation and have no momentum of rapid development.

The company's Cash cow products are staple food processing products and hot dishes, especially seafood dishes. Staple food processing products as the original old brand products of the company, have become the symbol. Affected by geographical advantages, seafood products are deeply loved by consumers.

The company's Wild cat products are vegetable products and congee products. With the continuous improvement of economic level, consumers have changed from staple food demand in the past to meat products demand, and then to the pursuit of healthy diet at present. The market of healthy food products such as vegetable and congee has gradually increased.

The company's Dog products are pastry products. In the face of the competition of western style pastry, it is difficult for Chinese pastry to gain advantages. There are many kinds of Chinese pastry, but there is not a complete system and there are few well-known brands, which have become the development dilemma of Chinese pastry.

3. PRODUCT STRUCTURE ANALYSIS OF YANTAI LANBAI CATERING CO., LTD

3.1. Lack of "Star" Products

The company lack of "Star" products with characteristics to rapidly develop and develop the market. Most of the Chinese fast-food enterprises seem to have many and comprehensive products, but they have not made any characteristics.

3.2. "Cash Cow" Products Need to be Improved

The company's Cash cow products are mostly in line with the local taste. Shandong cuisine is the first of China's eight major cuisines, it is mainly salty and fresh and it is flavored with onion, ginger and garlic. With the development of the times, the practice of "heavy taste" is becoming more and more unpopular. The recommended number of unhealthy practices such as frying, marinating and baking showed negative growth from 2011 to 2019. The company's insistence on developing products with Jiaodong flavor is gradually not in line with the mass market. First, people pay more and more attention to healthy diet. Second, with the increase of population flow, foreign people can't adapt to the local taste. Third, the taste of old Yantai is gradually unable to attract the young people. In the process of retaining the original taste and developing new taste, enterprises should have a clear positioning and appropriate balance.

3.3. "Wild Cat" Product Research and Development is Less

As a representative of healthy diet, soup and congee products has become more and more popular among consumers. The company porridge products are also popular products in the company takeout business. However, in porridge and soup products, the company research and development are insufficient, which is difficult to give full play to the greatest advantage of this kind of products.

3.4. Development Strategy of "Dog" Products

The pastry market is increasingly huge and highly profitable, and the development of Chinese pastry is too limited. Young people are increasingly fond of western style small cakes, puddings, bread and desserts. The profit margin of staple food processing products is far lower than that of western style cakes. Many well-known Chinese pastry enterprises have gradually developed to western style integration, while the company's strategic layout of pastry products is obviously insufficient.

4. SUGGESTIONS ON PRODUCT STRUCTURE OPTIMIZATION STRATEGY OF YANTAI LANBAI CATERING CO., LTD

According to Boston's relevant theories, we can analyze the characteristics of four categories of products: "Star" products' primary goal is to maintain or improve the relative market share; "Cash cow" products are businesses that can actually generate capital; "Bobcats" require a large amount of capital investment;

"Dog" products usually bring some cash inflow, but there is no good prospect.

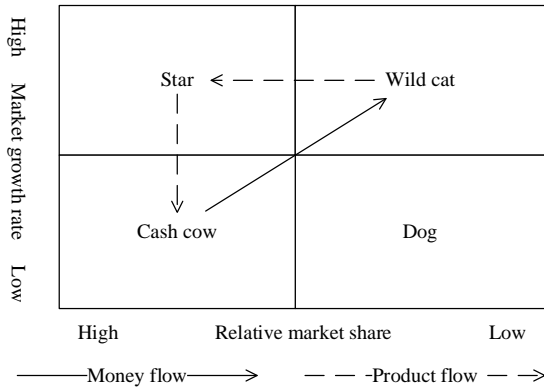


Figure 1 Boston product capital flow and location changes

Combined with the catering industry, a restaurant's reasonable dishes should have four roles: Drainage dishes (25% - 30%), profitable dishes (25% - 30%), main dishes (30% - 35%), auxiliary dishes (10% - 15%). Food sales are also in line with the "28" principle. 80% of the sales come from 20% of the dishes.

4.1. Create "Star" Products

The lack of characteristics of products is a problem faced by many Chinese fast-food. The more successful ones are Yonghe soybean milk, Daniang dumpling, zhenkung Fu, etc., but more and more small and medium-sized Chinese fast-food products are the same. The main function of "Star" products is not to make profits, but to maintain and develop the market. Therefore, "Star" products are more inclined to small profits and more sales. It is a relatively long-term process to create "Star" products into characteristics, but in the short term, we can create "popular products" for promotion and marketing.

4.2. Optimize "Cash Cow" Products

The needs of customers for fast food are diverse. From the physiological point of view, long-term repeated consumption of a certain food does not conform to human physiological characteristics. From the perspective of economics, according to the law of marginal decline, the utility of products will decrease with the continuous consumption. Therefore, enterprises must continuously optimize and develop new products according to the market.

The company should reduce excessive cooking and pay attention to the production and use of soup. The company should pay attention to the absorption and improvement of valuable cooking experience of other cuisine, and develop some spicy street food, sweet snacks and cakes to attract young people's attention.

4.3. Optimize "Cash Cow" Products

It is very important for enterprises to choose and develop "Wild cat" products in the process of product structure adjustment.

4.3.1. Product Development Direction – Standardization

According to the survey, the main demand of Chinese fast food is convenience, followed by price, variety and taste. Therefore, in the development of Wild cat products, it is still necessary to focus on convenient and fast products, and correspondingly, standardization development should be carried out.

4.3.2. Product Development Mode -- Collision Development

The new product development mode can adopt "collision" development, that is, designers seek new product development mode according to consumers' suggestions and assumptions through contacting with consumers. With the rapid development of the Internet, the interaction between enterprises and customers is further increased, and the mutual influence is also further deepened. Enterprises should attach importance to market development and changes.

4.3.3. Product Development Strategy -- "Fist Product" Strategy

The strategy of "fist products" is to develop famous brand products with characteristics, so that they can occupy an advantage in this product type and create brand influence. If the company wants to further develop the market, expand the brand influence and make it stand out in the same kind of enterprises, it is a more effective way to carry out the "fist product" development strategy. However, it needs long-term operation and planning to develop leading "fist products" in the catering industry with huge market dispersion and low technical barriers.

4.4. Treat "Dog" Products Correctly

The existence value of Dog products is small, but it seems too arbitrary for enterprises to conclude that Dog products should be abandoned. Chinese seasonal pastry products are a symbol of Chinese culture for people. In the management of Chinese catering brands, they are responsible for the inheritance of Chinese food culture. If the company can successfully create attractive Chinese pastry products and realize the transformation from Dog to Wild cat products, it will bring great benefits to enterprises. and develop new products according to the market.

5. CONCLUSION

Yantai Lanbai catering company, as a local enterprise in Yantai, has been improving its products with the development of the times. Through the Boston matrix analysis, it can be found that the company should create Star products, optimize Cash cow products, develop Wide cat products, and carry out strategic layout of Dog products. Product optimization is a dynamic work, which needs enterprises to improve continuously according to the market. In the face of increasingly severe competition in the catering market, small and medium-sized Chinese fast-food chain enterprises should constantly adjust their products and products structure in order to survive in the market and seek opportunities for breakthrough.

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