A Study on the Effect of Haidilao’s Brand Marketing Strategies on Brand Image and Loyalty

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ABSTRACT
In this study, we are designated to investigate what specific brand marketing strategies have been adopted by Haidilao and its effects on its brand image and brand loyalty. Haidilao, as one of the most popular chain restaurants in such a competitive market, can be a great example of investigating what some positive or negative strategies on its brand are. To explore to what extent these marketing strategies affect Haidilao’s brand image and loyalty, a survey is conducted and distributed randomly to over a thousand samples. The survey consists of questions about Haidilao’s overall service quality, competitors’ market, and the practicability and utility of different social media platforms. We inherited the SPSS data analysis system to acquire the final analyzed data. The results from this survey have given a positive result of the Word-Of-Mouth marketing strategy of Haidilao, which is the most effective strategy out of all on bringing a positive brand image and more customer loyalty. Digital marketing is more accepted and practical than traditional marketing, with many of Haidilao’s customers obtaining information from different social media platforms. Influencer marketing is new but also effective in its brand acknowledgment.

Keywords: Brand marketing strategies, Service quality, Brand loyalty, Digital marketing.

1. INTRODUCTION
In today’s hospitality industry, the restaurant chain is an extremely competitive field. It is hard to survive and develop in such a mature and extensive industry. China is now carrying a huge food and beverage market, which faces a mass population. According to the National Bureau of Statistics data, in recent years, the market size of China’s catering industry has continued to grow. Following the variety of food, taste, and cultural preferences, China’s catering industry has also detailed the subdivisions of the businesses in the food and beverage industry. Regular Chinese dinner, Western food, hot pot, fast food, and Japanese cuisines are examples of China’s most popular dining options [1]. Such huge growth of the catering industry is mainly driven by the rising income levels and urban populations. Revenue generated by catering chain stores reached up to 195 billion yuan, equivalent to approximately $29.6 billion in 2018 [2].

The hot pot industry has been a trending market in recent years. According to the International Financial News, in 2020, there are more than 400,000 hot pot restaurants or related operating businesses in China. As one of the trendiest cuisine types in the Chinese catering market, there are always numerous new entries and rising of competitors into this market.

According to the “Most Valuable Restaurant Brands Worldwide 2019” [3], Haidilao has reached to top 10 of the most valuable restaurant worldwide in 2019 based on a survey published by Brand Finance. Haidilao, as one of the biggest catering chains in the Chinese market for hot pot founded in 1994, faces a broad market of consumers with different traits socially and even geographically, such as age, sex, occupations, and regions. Based on the data from the official Haidilao website, by June 30, 2020, Haidilao has opened a total of 935 restaurants worldwide. 868 of them are located in 164 cities in China. How does a business survive, rapidly develop, and stand out to attract its consumers in such a fast-paced industry? In Haidilao’s case, how does Haidilao create its brand image and build its loyalty program through different brand marketing strategies?

A successful brand is made up of many different components. Brand building matters much to business success. Brand equity is one of the most significant
elements to brand building. Brand equity is about the consumer perception of the brand and its reputation. Brand equity contains five elements: perceived quality, brand associations, brand loyalty, brand awareness, and other brand assets. Brand loyalty, specifically, can be the strongest measure of brand equity by having repeating consumers and word of mouth. By securing the brand’s image and its loyalty program, multiple marketing strategies must be applied.

When looking at the current market overall, social media marketing and digital marketing are taking a significant place in the field. Especially for Haidilao being in such a competitive industry, using digital marketing can bring high efficiency to attracting consumers and promoting their product. However, as a restaurant chain that contains almost one thousand restaurants, Haidilao utilizes both traditional and digital marketing to build the brand. According to the academic article “Travel from Traditional Marketing to Digital Marketing”, traditional marketing aims to “provide time, places and possession utility”. It involves more direct contact between the brand and consumers. However, on the other hand, digital marketing “serves customers as quickly as possible, expect guidance from customers instead of trying to change their perception like traditional marketing” [4].

Mingzhu Liang, Mingsen Wang, Songjun Xu did a case study on WeChat marketing of the catering industry takes Haidilao as an example of applying the utilization of WeChat marketing at maximum [5]. What exactly is WeChat Marketing? According to NDN Group, WeChat marketing “leverages on the powerfulness of gaining followers to company account, having them actively engaged with it and eventually converting them to customers to purchase items” [6]. In Haidilao’s situation, the brand has a company account on WeChat, sending out push notifications every day to introduce new products and some recipes. More importantly, they would ask permission to access the consumer’s location so that Haidilao will bring more personalized experiences to customers [7].

Another brand strategy that might affect Haidilao’s brand image and loyalty could be influencer marketing. According to “Consumer Decision making in Influencer Marketing”, having the right influencers being the medium between consumers and brands can “create positive associations in the mind of consumers” [8]. Influencers sharing experiences with a certain brand in their own lives can trigger consumer’s association with the brand. Moreover, an influencer seems more approachable compared to a celebrity. E-WOM is a notable player in influencer marketing. E-WOM is online word of mouth. It is digital comments that are written on different platforms on the internet [8]. With the development of social media, words spread extremely fast. With this current condition, despite all the earnings and efficiency influencers could bring to a brand, we are also concerned if there are some risks and threats by using influencer marketing as the main strategy. In other words, with less research completed in this relatively newer marketing strategy, we will excavate both the positive and negative effects of influencer marketing on Haidilao’s brand image and brand loyalty with specific examples.

A different case study published by Bournemouth University has introduced service marketing of Haidilao as another strategy. To compete with other businesses in the field, Haidilao motivates its internal services, motivating staff, hence offering better customer services to its consumers [9]. It also introduces Haidilao’s external service marketing strategies as one of the most appealing and notable specialties. Haidilao has how both internal and external marketing plays a role in building its brand image and loyalty.

This study will focus on how service marketing, new media marketing, digital marketing, and internal marketing takes place as brand marketing strategies of Haidilao that affect its brand image and brand loyalty.

2. METHODOLOGY

2.1. Methodology Approach

This study is on how different brand marketing strategies of Haidilao are affecting its brand image and loyalty. To investigate the different strategies mentioned in the introduction, such as digital marketing and traditional marketing, influencer marketing, and service marketing, as different approaches on influencing Haidilao’s brand as a whole, we conducted a questionnaire containing questions determining how these approaches brought to Haidilao’s brand image and loyalty. According to the marketing strategy case study of retail chain stores in Taiwan, we’ve discovered that the methodology they have adopted, the Service Quality Questionnaire, seems to be one of the methods that bring out an efficient outcome [10].

In this study, we’ve only adopted part of the Service Quality Questionnaire applied in the case study since service quality is not the only field we are focusing on. Nevertheless, Service Quality holds a significant place in the brand of Haidilao. Service Quality is the construct quality of service entities measured by SERVQUAL, a scale that involves perceived quality. Service quality is the structural quality of service entities that can be measured with SERVQUAL, a scale involving perceived quality. Generally speaking, quality can be defined as superiority and excellence [11]. In general, quality can be defined as superiority and excellence [12]. Perceived quality is then the quality that the customers are seeking in the service entity.
2.2. Data Collection Methods

This study is based on a survey, we are using quantitative and qualitative methods and survey techniques to collect data. This survey is sent out on a public online platform and recommended and promoted to random samples. We distributed the survey out for a week and collected 1,000 samples from all over the places in China Mainland. The survey included several questions such as “How satisfied are you with the service quality based on the below parameters: (parameters includes) Quality of Service, Process of getting the problem resolved, Quality of service representative, Time taken by customer service representative to solve my issue, knowledge of customer service representative, wait time for my question to be answered, and overall satisfaction with Haidilao, having the options including, very unsatisfied, unsatisfied, neutral, satisfied, and very satisfied. The survey consists of a few parts. In the first part, there are statements to determine the demographic results, which are mainly targeted market is China Mainland. A few questions are there to determine whether Haidilao has established its promotion through digital marketing and has taken a large percentile of its customers by its digital marketing strategies. Moreover, there are statements to determine the dimensions of service quality, satisfaction, word-of-mouth. More inclusively, we try to discover how much influencers can take place in Haidilao’s branding strategy. Last but not least, there are also statements seeking for the competitors of Haidilao.

2.3. Data Analysis Methods

Based on the questionnaire we sent out, both qualitative and quantitative data will be collected in this study. We will be analyzing data by using SPSS on different values and variables. It helps conduct different statistical analyses and interpret the analyzed results of the collected data.

2.4. The rationale for the Study

When we adopt random sampling, we cannot make sure all samples are effective data collected. In this recent time, we are limited to conduct interviews with the random samples in person and ask more direct and personal questions on how they connect with the brand due to the current COVID-19 pandemic situation. However, we can open up and include samples from more areas within China Mainland. One benefit of conducting surveys and random sampling is that we can include more samples that are not one consumer of Haidilao or who may have never heard of Haidilao before. As an independent study, we’ve not only adopted some quality techniques from other scholars. Still, we will also discover a new aspect of influencer marketing and verify the possibility of determining the effects on a brand image and brand loyalty.

3. RESULTS AND DISCUSSION

3.1. Results

As shown in the table (table 1) below, the variables and the data set are adapted from part of the Service Quality Questionnaire. As a qualitative data collection, the samples have given their responses in satisfactory to unsatisfactory rating. This question focused on a few aspects of the business with its operating service outcomes, including the quality of service, the process of getting the problem resolved, quality of customer service representative (e.g., the manager), time is taken by customer service representative to solve my issue, knowledge of customer service representative, wait time for my question to be answered, and the overall satisfaction with the entity. Based on the Table 1, shown below, the most frequent response for each of the Service Quality questions is the “unsatisfied” rating. It also appears to be the same result for the customer problem-solving process. For the overall quality of service, approximately 36.64% of the samples indicated that they are either “very satisfied” or “satisfied”. This is less than half of the population agreeing the satisfaction of the quality of service is superior. Among all seven different dimensions about the service quality of Haidilao, the process of getting the problem solved and the quality of the customer service representative (the manager) appear to have the highest satisfaction rate with a percentage of 37% and 36%. Overall, in the “How satisfied are you with the service quality based on the below parameters with Haidilao?” question, the sampling results have a lower satisfaction rate in all those service quality parameters.

<table>
<thead>
<tr>
<th></th>
<th>Quality of Service (%)</th>
<th>Process of getting problem resolved (%)</th>
<th>Time taken by customer service representative to solve my issue (%)</th>
<th>Quality of customer service representative, e.g., manager (%)</th>
<th>Knowledge of customer service representative (%)</th>
<th>Wait time for my question to be answered (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very unsatisfied</td>
<td>10.9</td>
<td>10.5</td>
<td>12.6</td>
<td>12.9</td>
<td>12.9</td>
<td>10.2</td>
</tr>
<tr>
<td>Unsatisfied</td>
<td>32.1</td>
<td>21.9</td>
<td>28.3</td>
<td>26.7</td>
<td>27.7</td>
<td>27.9</td>
</tr>
</tbody>
</table>
Below is a bar chart (chart 1) showing Haidilao’s usage of WeChat promoting strategy. About 65% of the samples claimed that they had used and obtained information by using Haidilao’s WeChat Applet.

![Bar chart showing Haidilao's usage of WeChat promoting strategy](Image)

**Figure 1. Information Obtaining from WeChat**

On social media (not on a specific platform), 76.26% of the samples claimed that they had seen Haidilao related posts on social media. In this sample group, 83.31% of the people have claimed the posts to be positive.

To compare the traditional marketing strategy vs. the digital marketing strategy, the questionnaire also included which means does the public hear about Haidilao, as shown below in the chart. With the results, a friend takes over 41% of samplers. As a traditional marketing strategy, Hearing from a friend surpassed digital marketing by the public obtaining ads on social media platforms.

### 3.2. Discussion

In the questionnaire distributed, the random sampling strategy came back with a surprising result. We will discuss the outcome and the problems during this research to seek how different aspects of brand marketing strategy affect the brand image and customer loyalty.

#### 3.2.1. Digital Marketing vs. Traditional Marketing

As mentioned above, in the questionnaire results, the promotions of Haidilao by using social media seems to be quite effective, with 76.26% of the people declared they had seen Haidilao related post on different social media platforms. Moreover, 64.99% of the sample have used the Haidilao WeChat Applet to obtain information. With this data, Haidilao’s digital marketing seems to surpass traditional marketing by the public obtaining ads on social media platforms.

#### 3.2.2. Quality of Service

An overall review of the quality of services of Haidilao gives a negative public outcome. Still, the high quality of word of mouth, and well-known with a few reasons, one might be the over-the-top services, it might come back with a negative outcome. Secondly, it could be the taste. Moreover, the data collected problem would be why people are unsatisfied with not being discovered. Customer loyalty seems to be a positive effect of Haidilao’s word-of-mouth advertising from one to another driven by the fact of the existence of customer loyalty from the existing customers.

### Table: Information Obtaining from WeChat

<table>
<thead>
<tr>
<th></th>
<th>Neutral</th>
<th>Satisfied</th>
<th>Very satisfied</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency (No.)</td>
<td>0</td>
<td>20.2</td>
<td>16.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Frequency (Yes)</td>
<td>20.9</td>
<td>22.5</td>
<td>15.2</td>
<td>100.0</td>
</tr>
<tr>
<td>Percentage (%)</td>
<td>24.6</td>
<td>24.5</td>
<td>28.5</td>
<td>100.0</td>
</tr>
</tbody>
</table>

(Values rounded to the nearest decimal)

In Haidilao’s case, out of the randoms samplers, only 0.77% acknowledged Haidilao by walking into the store, being directly introduced to the brand by itself. The result appears to have a different finding besides just digital marketing and traditional marketing, which a friend introduces. Here, it can be understood as Word-of-Mouth marketing. According to “Word of mouth communication: A mediator of relationship marketing and customer loyalty,” written by Muhammed Ngoma & Peter Dithan Ntale, positive change in word-of-mouth can result in a positive outcome of customer loyalty. When customers tend to speak positively about a brand, they are more loyal to the brand [13]. In Haidilao’s case, we can discover that with many people being acknowledged by a friend, it seems to be a positive effect of Haidilao’s word-of-mouth advertising from one to another driven by the fact of the existence of customer loyalty from the existing customers.

As was shown in the result, the quality of service's quality is not positive as we expected. However, with the high quality of word of mouth, with the brand being acknowledged to over 92% of the samples, why does Haidilao have a relatively negative recognition over its service quality and other parameters? According to the academic journal focusing on the relationship between service quality and customer loyalty, the Word-Of-Mouth service quality has substantial effects on customer satisfaction and behavioral intentions, as referred to in literature. Both loyalty and Word-Of-Mouth are included in the intentions of customers’ behaviors [14]. As the Word-Of-Mouth spread positively, more loyal customers can be brought to the brand. Nevertheless, we still see a negative outcome in the service quality of Haidilao. Why is the service quality inversely proportioned to the positive Word-Of-Mouth thread? There could be a few reasons which can lead to an unexpected result.
To start with, Haidilao adopted the over-the-top service. As a result of the questionnaire on one of the questions examining the acceptance of the over-the-top services from the sample, not many people are likely to fully enjoy this type of service. Some even agreed with having an embarrassing emotion towards the service Haidilao provided. Furthermore, the taste can be a factor with a negative proportion towards the whole dining experience. The dissatisfaction may be created with not such a stunning taste. Last but not least, as the results being discovered and received negatively on Haidilao’s service quality, including the multiple parameters including problem-solving process, we weren’t able to find the true reasons for the outcome.

3.2.3. Influencer Marketing

Brand loyalty comes from consumers’ experience in Haidilao. When people talked about this brand Hotpot, the services will jump out in people’s minds - Haidilao’s brand image. Haidilao also does a hugely successful job on the brand images since they use the influencer marketing strategy to hold their brand’s reputation. From the psychology aspect, “Why does the psychology of influencer marketing work? In short, influencer marketing directly caters to human nature’s need for belonging, social conformity, and information processing functions. Our brains are sensitive to the acceptance of influencer marketing. We find it more authentic, authoritative, and engaging than other types of marketing” [15]. TikTok is the mainstream of advertisement to separate the brand images. Haidilao invites TikToker to show people what is the brand has and what privileges people can have. For example, in TikTok, it is customary to see that the influencer promotes Haidilao’s services. They would like to exaggerate it. Like 5 dollars can have an excellent meal. Or people do not have to pull up the drink, and the server will always stand by your side to help you with not only the glass. Thus, those videos pull out to attract more and more people wondering such services so that they would like to try them. As well, the survey shows, there are 76.26 percent of consumers watched the advertisement from TikTok also. Thus, people gradually came to a brand image on Haidilao. For example, the restaurant in Manhattan, it also famous by the influencer on Instagram, which makes them famous, and more and more people are willing to taste the specialties. Thus, they made a brand image, and they think Manhattan has good ice cream, and it is worth tasting. So, “Instagram has created a new way to advertise its products and get thousands of qualified people to view them. Web celebrity marketing is one of the most effective ways to emerge from this revolution” [16]. The marketing model is the same as TikTok, which also popular around china.

In conclusion, Haidilao used the influencer to make their brand images impressive on consumer’s minds. And they aimed their specialties to separate their brand, which is the most brilliant thing. They have a clear purpose and target consumers to enact their marketing strategies, making consumers know deeply about the brand images and then form settled brand loyalty.

4. CONCLUSION

In this study, we researched the effect of Haidilao’s brand marketing strategies on brand image and loyalty. Haidilao, as an outstanding restaurant chain, the research in Haidilao may demonstrate some branding traits of our current target market. To identify the different strategies’ outcome on a brand’s image and loyalty, we first defined the different potential branding strategies that Haidilao may have adopted effectively, which includes traditional marketing and digital marketing, influencer marketing, and service marketing.

At first, as services marketing, on the one hand, above data and research we can see, Haidilao makes such strategies excellent to attract consumers and make a deep impression on the brand images. They keep improving their services to have a sign of their brand. When people think of Haidilao, the best services will come up at the first time. Like the data shows. And also, why people know Haidilao, which is also because their unique services make consumers feel fresh. It cannot say that there are not any such restaurants that appeared before, but why Haidilao did it so successfully? The answer is the way they made it. Some restaurants provide services, but they did not put the services as their aiming focus, but tasty or restaurant design. Unlike Haidilao, they take services as the most important to do. They try their best to make the consumers feel the services are the best. Before, there are no such restaurants that provide full-time services, but extra- services, like nail services, polish services, and even unlimited snacks. Haidilao combined every restaurant’s services to make the best. On the other hand, even though people think about the services is excellent, some feel overwhelmed. The reason why is the psychology aspect; everyone admires Haidilao has excellent services. Haidilao keeps improving so that sometimes, they feel stressed; Haidilao exaggerates their services like the server is always standing around the consumers. Thus, we can see the data; some people do not take the services very high. However, overall, Haidilao did an excellent job on services marketing to brand marketing. They made it impressive on-brand images. They chose the most highlight part as the marketing strategy and then gradually make successful brand images as services.

Second, new media and digital marketing can also be the best aspect of marketing strategy. Haidilao takes the most contemporary media as a tool to separate their brand images. Like recently, the hottest media, TikTok, Haidilao, hire some influencers to advertise their brand images to attract consumers. The way is excellent since it makes consumers have a deep impression and generates the first impression on the brand images. Still,
they also make consumers have the curiosity to experience such services. Then when the consumers came, they have a good experience, they will become part of the “loyalty family” of Haidilao. Also, according to the data, some fewer people saw Haidilao ever advertised their brand on TV or other places. It is heard at first, and it is not intelligent. However, on the contrary, it is an excellent way to save money on different aspects. Thus, they only choose the hottest way to do advertisement. Haidilao uses the media and digital to make their brand images widely known in intangible ways, and those brand images became brand loyalty.

Thirdly, the internal marketing - the unique places of Haidilao is that they are willing to give the best employees the stock as the award. Unlike most companies, they would like to provide their product as an award. Or giving them some special discounts or coupons. The stock is more attractive to the employees, brilliant ones since the stock price could change, they may become higher than now and worthy. Moreover, Haidilao would have induction training to make employees have more experience to make consumers feel free and comfortable. A good company not only relies on the director but employees. They give enough what their employees cannot have in other companies, to attract them make better works on this brand. Thus, without those good employees, the server, Haidilao, cannot succeed.

Our research only used part of the service quality questionnaire used in the case study because service quality is not the only area we focus on. However, service quality occupies an important position in the Haidilao brand. Perceived quality is an important quality that customers seek in the service entity.

We discovered that Word-Of-Mouth marketing has also taken a significant place in accounting for Haidilao’s brand loyalty. Word-of-mouth communication is positive and can bring more loyal customers to the brand. Despite this, we still see negative results in Haidilao's service quality. Nevertheless, Haidilao’s customer loyalty seems to eventually get higher results because 90% of people are unlikely to replace Haidilao with another hot pot restaurant.

Whether Haidilao has established its own promotion through digital marketing and whether it has attracted many customers through its digital marketing strategy remains determined. In addition, there are some statements to determine the dimensions of service quality, satisfaction, and word of mouth. More broadly, we are trying to find out how many influencers there can be in Haidilao's brand strategy. Finally, there is also a statement looking for Haidilao's competitors.

After carefully reviewing the results, there are some drawbacks to this study overall. While we are starting to research the retail restaurant market, we find it slightly difficult to collect data by interviewing the samples to get a closer and more direct point of view because of the COVID-19 pandemic. Therefore, we chose to investigate by sending out questionnaires. We then discovered that sending out samples and questionnaires may also be advantageous to this research since the samples can be randomly selected with more geographic options. But due to the ungrouped (not grouped by ages, income, sex, etc.) samples, we weren’t able to explore more potential reasons and facts about the results of this study.

Moreover, there are less quantitative data collected than qualitative data. By having the shortage of quantitative data, the results may be lack some possible effective analysis with numbers that could be more directly shown. Another drawback could be the deficiency of examining the price and its role in building Haidilao’s brand image and customer loyalty.

Finally, with the relatively low service quality, we couldn’t investigate further on what are some possible reasons provided by the samples. To be timelier effective on completing this study, we weren’t able to conduct this survey more detailed on discovering the reasons that might have caused some negative feedback of the service quality.

In conclusion, Haidilao used those strategies to make their brand marketing of brand images and brand loyalty impressive. Many restaurants seek and intimate their marketing strategies as their way to make it.

REFERENCES


