

Research on Consumer Behavior Characteristics and Competitive Strategy of Haidilao in Post-epidemic Era

Danning Wang ^{1, *}

Macau University of Science and Technology School of Business Macau, China

* 19098535b011013@student.must.edu.mo

ABSTRACT

The COVID-19 outbreak from 2020 to now has dealt a huge blow to the hot pot industry and caused some changes in consumer behavior characteristics. By using the case study method and literature analysis method, this paper found that consumers in the post-epidemic era are characterized by high social sensitivity and price sensitivity, tend to pay more attention to safety of consumption and body protection than before, and emphasize the convenience of consumption. In the post-epidemic era, Haidilao can upgrade and continue implementing the strategy of focused differentiation, take measures to respond to food safety concerns and build customer trust, and actively take adaptive measures to respond to changes in the market environment and consumer behavior characteristics, so as to stabilize its development and go further in the fierce market competition.

Keywords: *Haidilao, post-epidemic era; consumer behavior characteristics; competitive strategy*

1. INTRODUCTION

1.1. Research Background

In 2020, the epidemic outbreak caused a huge impact on the Chinese food and beverage field, leading to the stagnation of traditional eat-in business, high fixed costs, and other serious problems. A mass of catering enterprises was facing the dilemma of living beyond their income. Among them, the hot pot industry, which had solid social attributes, was in a particularly difficult situation. A large number of hot pot enterprises chose to shut down or even faced the plight of bankruptcy temporarily.

In the first half of 2021, the epidemic was initially controlled, and the Chinese food and beverage field began its recovery process. The annual registration volume of catering enterprises increased by 25.5% year on year, and China has become the world's most active catering consumption market. The opportunity for the hot pot industry has emerged. The survey shows that consumers in the post-epidemic era have relatively strong consumption intentions about the hot pot industry represented by Haidilao. However, their real consumption behavior is still affected by a variety of factors. Based on the fact that consumer behavior can be induced to a certain extent [1], this paper focuses on consumer behavior characteristics in the post-epidemic era. It explores how

Haidilao tries to perform better than its competitors in the intensively competitive hot pot industry to attract and retain more consumers. Consumer behavior in the post-epidemic period has certain characteristics and laws, which are worth discussing and studying. Haidilao is a hotpot industry giant. Its competitive strategy in this special period is also worth reference. This paper is concerned with the time range from January 2020 to the near future.

1.2. Literature Review

Wu & Yang proposed that consumer behavior characteristics were affected by various factors, but the main consideration in consumption was whether goods could well meet their own needs. And the main competitive advantage of Haidilao lies in high-quality service [1]. Huang, Tan & Cai found that Haidilao is well-funded, has a complete supply chain, and high brand awareness. If it could seize new opportunities after the epidemic while stabilizing traditional businesses and developed new businesses with brand effect, the future development situation of Haidilao would be considerable [2]. Ban analyzed the problems exposed under the COVID-19 in Haidilao's service marketing and humanized management models, which used to be its competitive advantage, and proposed improvement

measures such as meeting customers' heterogeneous needs and developing the "online + offline" model[3].

Most of the articles studied and analyzed Haidilao's the high-quality service, which was the decisive factor for Haidilao to be the leading company of hot pot industry in the traditional view, analyzed the behavioral characteristics of Haidilao's consumers and the main factors they consider when consuming, and expounded the self-help measures taken by Haidilao under the impact of the epidemic. Few articles are combining with the certain COVID-19 outbreak time background, showing the specific characteristics of the consumer behavior under the influence of the outbreak, discussing the optimal competitive strategy Haidilao can settle according to these characteristics customers have and the epidemic background: the way to stand out from rivals, to stabilize the customer base, to attract more new consumers, to enhance customer loyalty, to recover from the epidemic as soon as possible, and to strive for better development prospects in the future.

1.3. Research Framework

This paper adopts the methods of case study and literature analysis. The paper first shows the development status quo of the hot pot industry as a whole in the post-epidemic era, and analysis of consumer behavior characteristics in this period secondly. Then the paper gives the analysis of the consumer behavior characteristic which Haidilao customers generally have, and finally the paper puts forward the deficiencies to be optimized and the problems to be solved in Haidilao's competitive strategy, and provides improvement measures according to these as reference and suggestions.

2. METHODS

2.1. Case Study Method

Through the case study, more objective and comprehensive evaluation of the existing advantages and the deficiencies of Haidilao can be formed, such as whether the personalized service characteristics in the epidemic still has their original attraction to the customer, whether the traditional high labor costs will bring Haidilao too much stress than it can withstand under the background of the outbreak, and so on. As the epidemic situation shows the normalization trend, a feasible new competitive strategy can be formulated in Haidilao with all these analyses.

2.2. Literature Analysis Method

Through checking articles about the analysis and reflection on the traditionally high-quality service of Haidilao, this paper will discuss whether this old feature can be continued as one of the competitive advantages of Haidilao, or whether it needs improvement under this

special background of the post-epidemic era, and look for possible new competitive advantages that can be developed, so as to provide an effective reference for the improvement of competitive strategy of Haidilao.

3. RESULTS

3.1. The Overall Development Status Of The Hotpot Industry In The Post-epidemic Era

As the largest and fastest-growing segment of the Chinese food and beverage field, research shows that hot pot will usher in a market space of more than 700 billion yuan in the next two years. Pre-epidemic statistics showed that the market share of China's hot pot industry is higher than that of the four traditional cuisines, ranking first [4]. Such a large market means unlimited business opportunities and development potential.

Affected by the epidemic, many sectors of the Chinese food and beverage field received a big blow. According to the White Paper on The Brand Power of China's Catering industry 2020 released recently, fast food and hot pot have filled the market share lost by categories that have been heavily affected by COVID-19, such as Chinese dinners [5]. In the post-epidemic era, the hotpot industry can seize the opportunity to recover. However, at the same time, with tens of thousands of hot pot restaurants in the same stage competition, it is not easy to pick out. The current hot pot industry has serious homogeneity, and the low barriers to entry have made the industry competition situation tense. What's more, the cross-industry competition is not to be ignored. There are not only hot pot takeout and fresh e-commerce platforms that enter and share the pie of traditional hot pot eat-in business. The emergence of hot pot ingredients supermarkets provides consumers with a more approachable choice in hot pot dining scenes and channels [4].

Catering is a rigid demand and a long cycle industry [6]. In the post-epidemic era, combined with many uncertainties caused by various factors, hot pot enterprises should fully study consumer behavior characteristics in the post-epidemic era and formulate and implement more competitive strategies if they want to gain a firm foothold and retain more consumers.

3.2. Analysis Of Consumer Behavior Characteristics In The Post-epidemic Era

Consumption habit is a kind of solidified consumption behavior pattern gradually formed by repeating the same consumption operation many times and accumulating experience in similar consumption situations [7]. Affected by the epidemic, long-term staying at home and active awareness of epidemic prevention reduced the frequency of going out [8], which affected consumers' consumption habits to a certain extent. The long-term persistence of the epidemic also makes consumers pay closer attention to

health, enhances their awareness of body protection, and leads them to focus more on the safety of consumption. Current consumer consumption has specific characteristics of reducing consumption times and one-time large consumption and shows a certain degree of online consumption tendency, emphasizing the convenience of consumption. As the epidemic is relatively stable now, consumers have some retaliatory consumption psychology towards some sectors that are difficult to consume during the epidemic (such as the hot pot industry). The epidemic has more or less dealt a blow to consumers' economic situation. Many industries have laid off many employees during the epidemic, so consumers in the post-epidemic era have become more sensitive to price changes. Affected by the epidemic, consumers have been psychologically depressed to varying degrees, and appropriate humanistic care and warm service seem particularly heartwarming and timely. According to Maslow's hierarchy of needs, people have social needs and respect needs [9]. In the consumer market in the post-epidemic era, it is no longer enough to only meet the needs of consumers. Instead, companies must make consumers happy and endow products with positive meaning to consumers' lives [8].

3.3. Analysis Of Consumer Behavior Characteristics Prevalent In Haidilao Customers

Consumers' purchasing behavior will be affected by personal characteristics, especially age, occupation, and economic status. [9]. Most of Haidilao's customers have a certain economic capacity, pay attention to service and quality, and pursue freshness and unique experiences. Haidilao's customers tend to be loyal, have a high rate of repeat spending, and are often happy to recommend Haidilao to their family and friends. Haidilao consumers are not overly sensitive to changes in dish prices normally. Still, in the post-epidemic era, this sensitivity of Haidilao consumers is consistent with the general trend of consumers in this period, and their acceptance towards the dishes of Haidilao has become lower.

3.4. The Deficiencies And Problems To Be Solved In The Competitive Strategy Of Haidilao

Haidilao is known for its meticulous and considerate service. In the post-epidemic era, with the general increase in prices, Haidilao's operating costs have also risen, including the huge routine expenditure on human resources, which has caused considerable financial pressure on Haidilao. What's more, Haidilao usually set up their shops in large shopping malls to attract white-collar workers, business people, and students with certain spending power [9]. At the same time, the decrease of shopping mall traffic during the epidemic also limited the growth of Haidilao customer flow to a certain extent. With fewer customers but no fewer staff, staff costs are indeed

no longer easy to cover. If the original service strategy is unchanged, the reduced customer flow and high human resource cost will bring great and continuous financial pressure to Haidilao.

In addition to financial pressure, Haidilao's service model also needs to be optimized and adjusted in the post-epidemic era. The epidemic has made consumers aware of social distancing, and Haidilao's meticulous service counter this in many ways. Whether Haidilao's routine services such as manicure and tea pouring need to be reduced or even suspended deserves careful evaluation and improvement.

Consumers tended to focus more on food safety in the post-epidemic era and are particularly sensitive to food prices. However, Haidilao once reported negative news of eating foreign matter in food after re-opening and once affected customers' overall impression of Haidilao due to the price increase storm. At a sensitive time when the epidemic continues, avoiding negative news is crucial for Haidilao to restore consumer trust and encourage consumers to spend at Haidilao again.

Consumers have developed a certain online shopping habit due to the long time at home. However, Haidilao does not give similar strategic priority to takeout business and traditional eat-in business, and does not pay enough attention to takeout business. With the change of consumer behavior during the epidemic, Haidilao also needs to change the traditional business normal to have a better chance to stand firm in the fierce competition in the hotpot industry and continue to take the leading position.

4. DISCUSSION ON STRATEGY

4.1. Focused Differentiation Strategy: Service Marketing And Human Resources

In the traditional model, a large part of Haidilao's competitive advantage is generated by the sound employee incentive system and sufficient employee empowerment. Haidilao integrates the service concept of "meticulous" in its corporate welfare design and uses this concept to serve its employees first, making them feel intimate, warm, and thoughtful. After that, can all the employees convey the "meticulous" service to customers wholeheartedly and properly through the service they provide every day, forming a stable, high-quality service supply system of Haidilao [10]. Against this backdrop, layoffs or wage cuts are risky for Haidilao, despite high personnel costs. Once the original employee ecosystem is broken, it is uncertain whether Haidilao's service can still spark the vitality that employees generally create when they have high job satisfaction.

During the epidemic period, Haidilao opened many new stores with low rent and preferential benefits of various policies, waiting for the possibility of a late outbreak of turnover after the overall stability of the

epidemic. In terms of human resources of all the new stores, the composition of employees should try to replace recruitment with post-transfer of old employees to reduce recruitment costs, not to touch the pie of employee welfare, but also to reduce the labor costs by the storage unit. In addition, the experienced old staff can also avoid the mistakes caused by the adaptation period of new employees, maintain the reputation of Haidilao's consistent high-quality service, reduce the staff turnover rate and save the training costs.

Traditionally, Haidilao has adopted a focused differentiation strategy to gain competitive advantages by providing customers with higher value perception through quality services at similar prices compared to its competitors. This strategy can still be used after the mentioned adjustments in the post-epidemic era.

4.2. Crisis Response Strategy: Build Consumer Trust

Stabilizing dish prices and carrying out network marketing are the first key steps. Stable prices can gradually re-establish consumer trust to Haidilao, while releasing advertisements and existing discount policies on multiple social platforms can create a good overall brand impression of Haidilao to customers and give them a potential reminder to come and consume. At the same time, attention should be paid to maintaining the company's overall image. All online and offline stores should be fully publicized to create kitchen transparency, and real-time monitoring video of the kitchen can consider being opened to consumers during their waiting time for supervision. Haidilao can also try to build an online publicity platform and create a traceable supply chain. Conduct nucleic acid tests of environmental and food samples at the place of origin regularly, and standardize the disinfection of transportation equipment and storage sites. Create an independent identification code for each batch of food ingredients, and announce the identification code of the current using batch on the electronic ordering device when customers are ordering so that consumers can trace the whole process and eat trustingly and safely. In the post-epidemic era when consumers are still cautious about increasing the frequency of eat-in activities, Haidilao can take the lead in establishing a trust relationship with consumers through these measures so that consumers are more likely to be willing to choose Haidilao from the same type of consumption.

4.3. Other Adaptation Strategies Based On The Epidemic Situation

In response to the new tendency of consumers of congregating less in the post-pandemic era, Haidilao can have further development, operation and update of online applications and inserted programs on related platforms, making queue online to replace waiting on-site, offering

online little games while waiting instead of providing stuff like snacks and chess, and services like manicure, hand care, and other welfare. The game can accumulate points to get a certain discount to attract consumers' interest and reduce their dissatisfaction, which is also a substitute for folding the paper cranes to get a payment deduction as Haidilao previously did.

Given that some consumers are sensitive to social distancing in the post-epidemic era, a combination of technology and human services can be a good answer. Haidilao can issue their service details offered to customers on the electronic ordering device before their ordering. Customers can cancel the unnecessary service items by themselves to reduce the discomfort and insecurity feelings of customers while eating. On top of that, the combination of food delivery robots and human service can also be an efficient try. Robots can provide intimate service to customers and complete part of the service that they can replace, which can reduce the pressure of human service. Moreover, the reduction of human contact can also meet the requirements of epidemic prevention better. Note that the robot should be disinfected frequently, and the last disinfection time should be posted on the robot.

Based on consumers' new consumption habits of online consumption to reduce going out, Haidilao can further improve its takeout business. So that customers can feel the value of Haidilao service even if they do not go to the store through the consistency of dishes, the integrity of delivery service process, and the immediacy of after-sales service. In the post-epidemic era, Haidilao should achieve two-track development of takeout and eat-in business. The turnover will not suffer a fatal blow under the uncertainty of a limited eat-in business.

5. CONCLUSION

In general, there are great opportunities for the hotpot industry in the post-epidemic era. Consumers in the post-epidemic era have higher social and price sensitivity than before the outbreak, tend to pay more attention to safety of consumption and body protection, emphasize the convenience of consumption, and have an increasing need for humanistic care to a certain extent. In the post-epidemic era, Haidilao can continue to implement a focused differentiation strategy after appropriate adjustment, respond to food safety concerns and build customer trust, and implement a series of adaptive strategies to adapt to changes in the market environment and consumer behavior characteristics, so as to gain a firm foothold and go further in the fierce market competition.

This paper analyzes the unique behavior characteristics of consumers in the post-epidemic era and the competitive strategies that can be adopted by Haidilao in the special competitive environment of hot pot industry, and provides a valuable reference for other enterprises in

the food and beverage field to understand consumer behavior better in this new era and to formulate competitive strategies that are both suitable for themselves and efficient in this period. This paper also creates a new possibility for the hot pot industry to recover its vitality from the blow of the outbreak quickly, to turn losses into profits and to achieve rapid development, and puts forward a better plan for Haidilao's progress and development as well.

This paper has some research limitations due to the use of secondary data only. Obtaining more primary data by issuing a large number of questionnaires is considered for future study to improve the accuracy and reliability of the research and generate higher literature value.

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