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Marketing Plan of Huo Fengxiang Restaurant in Xinghua

Ge xueyuan

Master in Applied Management

Supervisor:

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ISCTE-IUL

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Department of Marketing, Operations and General Management

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Abstract

With the rapid development of technology and evolving consumer behavior, Huo Fengxiang Hotpot in Xinghua faces significant customer loyalty challenges, including insufficient customer engagement, service quality management, and innovation. To address these issues and enhance customer loyalty, This project conducts a comprehensive analysis of both the global and target market environments. It employs various strategic frameworks, including PESTEL, Porter's Five Forces, and SWOT analysis, alongside consumer demand research, market segmentation, and positioning. The project also explores the development of an improved 7Ps marketing mix strategy, integrating both theoretical and investigation. The findings reveal that Huo Fengxiang Hotpot in Xinghua has yet to establish a strong development trajectory. Key issues identified include inconsistent service quality, lack of product innovation, inflexible pricing mechanisms, limited marketing channels, traditional promotional activities, and inadequate service processes. These challenges have hindered the brand's ability to foster customer loyalty and sustain market competitiveness. In response, this thesis proposes a series of marketing improvement strategies aimed at addressing these shortcomings. These strategies are designed to improve customer loyalty by aligning marketing efforts more closely with consumer needs and market dynamics. By focusing on enhancing service quality, innovating product offerings, and diversifying marketing channels, Huo Fengxiang Hotpot can strengthen its market position in Xinghua and achieve sustainable growth. The study contributes valuable insights into the interplay between marketing strategy and customer loyalty, offering a roadmap for similar businesses facing comparable challenges.

Keywords: Service marketing, customer loyalty management, restaurants and hospitality, marketing strategies.

JEL Classification: M31 Marketing

L1 Market Structure, Firm Strategy, and Market Performance

Resumo

Com o rápido desenvolvimento da tecnologia e a evolução do comportamento do consumidor, o Huo Fengxiang Hotpot em Xinghua enfrenta desafios significativos de fidelidade do cliente, incluindo engajamento insuficiente do cliente, gerenciamento de qualidade de serviço e inovação. Para abordar essas questões e aumentar a fidelidade do cliente, este estudo conduz uma análise abrangente dos ambientes de mercado global e alvo. Ele emprega várias estruturas estratégicas, incluindo PESTEL, Cinco Forças de Porter e análise SWOT, juntamente com pesquisa de demanda do consumidor, segmentação de mercado e posicionamento. O estudo também explora o desenvolvimento de uma estratégia otimizada de mix de marketing 7Ps, integrando pesquisa teórica e empírica. As descobertas revelam que o Huo Fengxiang Hotpot em Xinghua ainda precisa estabelecer uma forte trajetória de desenvolvimento. Os principais problemas identificados incluem qualidade de serviço inconsistente, falta de inovação de produto, mecanismos de preços inflexíveis, canais de marketing limitados, atividades promocionais tradicionais e processos de serviço inadequados. Esses desafios prejudicaram a capacidade da marca de promover a fidelidade do cliente e sustentar a competitividade do mercado. Em resposta, esta tese propõe uma série de estratégias de otimização de marketing destinadas a abordar essas deficiências. Essas estratégias são projetadas para melhorar a fidelidade do cliente alinhando os esforços de marketing mais de perto com as necessidades do consumidor e a dinâmica do mercado. Ao focar em melhorar a qualidade do serviço, inovar ofertas de produtos e diversificar os canais de marketing, a Huo Fengxiang Hotpot pode fortalecer sua posição de mercado em Xinghua e atingir um crescimento sustentável. O estudo contribui com insights valiosos sobre a interação entre estratégia de marketing e fidelidade do cliente, oferecendo um roteiro para empresas semelhantes que enfrentam desafios comparáveis.

Palavras-Chave: Marketing de serviço, gestão de fidelização de clientes, restaurantes e hospitalidade, estratégias de marketing.

JEL Classification: M31 Marketing

L1 Estrutura do mercado, estratégia da empresa e desempenho do mercado

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Glossary

7Ps - Including product, price, place, promotion, people, process, and physical evidence

CRM - Customer Relationship Management

CVP - Customer Value Proposition

DouYin: Musical short-video app. Launched in 2016 for creating music videos.

GDP - Gross Domestic Product

KPIS - Key Performance Indicators

Meituan Channel - A content distribution channel in China's well-known online lifestyle service platform "Meituan"

ROI - Return on investment

WeChat Channel - Tencent's content platform within WeChat

1. Introduction

"Huo Feng Xiang" is a fresh food pot, a hot pot brand by Huo Feng Xiang (Ningbo) Brand Management Co., Ltd, and stars Zheng Kai as the brand boss.

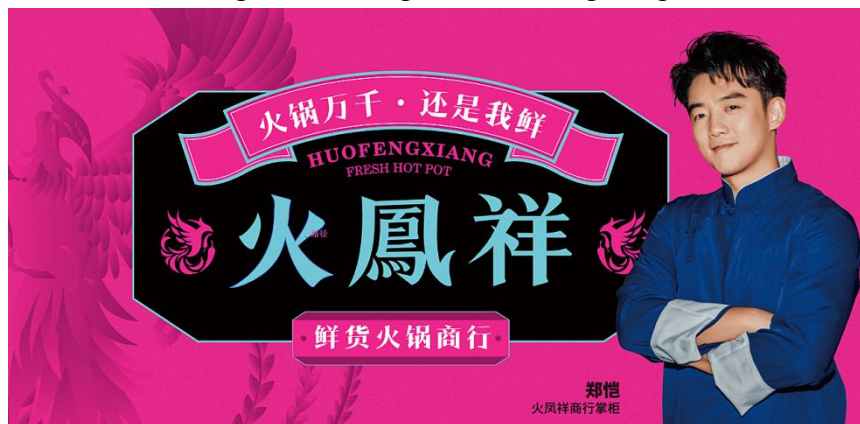
On 18th July 2020, the world's first shop, Fresh Food Hotpot, opened in Ningbo Qianhu Tiandi.

On 27th September 2020, the Suzhou Guanqian Street shop of Foongxiang Fresh Food Hotpot was officially opened.

On 30th September 2020, the flagship shop of Firefox Fresh Food Hotpot brand settled in Jinan Gaoxin Wanda.

On 21st November 2020, the Shanghai Global Port Store of Huo Fengxiang Fresh Food Hotpot has officially opened. Logo, as shown in Figure 1.1,

Figure 1. 1 Logo of Huo Fengxiang



Source: Huo Fengxiang official website(2024)

It can be said that Xinghua Huo Fengxiang Hot Pot Restaurant is a well-known hot pot brand with a long history and a good reputation, as shown in Figure 1.2. Since its establishment, it has attracted many diners with its unique hotpot flavour and quality service. However, with the intensification of competition and changing consumer tastes, customer loyalty at Huo Fengxiang Hotpot Restaurant has shown a declining trend. This is mainly reflected in the frequent change of customers, the amount of consumption and other aspects. Therefore, improving customer loyalty has become the primary problem that Huo Fengxiang Hot Pot Restaurant has to solve. Deeply analysing the restaurant's marketing strategy, service level, and competitive advantages, as well as formulating effective strategic measures, will play a positive role in promoting the restaurant's operation and brand building.

Figure 1. 2 Huo Fengxiang Hot Pot



Source: Huo Fengxiang official website(2024)

With the rapid development of China's economy and the substantial increase in people's income level, people are more and more concerned about "what to eat, how to eat well, and how to eat healthily" (Li et al., 2024). Catering culture has a long history in China, and the development of the catering industry has also reached a more prosperous level with the accumulation of history. However, with the rapid rise of a large number of brands, competition in the catering industry has become increasingly fierce, corporate profits have become increasingly slim, and the market share strategy of large chain restaurants has gradually changed (Lina, 2022). Whoever wins the customer wins the world. As a traditional service industry, the catering industry often presents a "funnel" status quo in daily operations. Restaurants are constantly trying every means to attract new customers, but old customers are constantly losing. Companies do not know that maintaining old customers is far more cost-effective than attracting new customers (Hui et al., 2021). Customer loyalty is a relatively vague concept in catering companies. Customer loyalty is the source of corporate wealth, which can bring continuous profits to the company and reduce operating costs, etc. Therefore, the study of customer loyalty is of great significance.

At the same time, the competition currently faced by the hot pot catering industry in China is unprecedentedly fierce. There is no essential difference in the products of most hot pot companies, and the product content and form are highly homogenized. The environment of their consumption places is also highly similar. The service level has become the key to the success of companies in this industry. It is certain that service quality affects customer loyalty. Taking Haidilao, the leading enterprise in the domestic hot pot industry, as an example, its service quality far higher than the industry level has become a magic weapon to please and attract customers. Although Huo Fengxiang also provides high-quality food and a comfortable dining environment, these factors alone are no longer enough to maintain a strong customer base. Many similar restaurants offer similar products and services, resulting in a wealth of choices for customers in the market. In such a fiercely competitive environment,

it is crucial for restaurants to not only provide delicious food, but also establish stronger and more meaningful connections with customers. Huo Fengxiang Restaurant has realized that although customers may patronize once because of the quality of the dishes, what really keeps them is their overall experience, including personalized service and a sense of belonging. By developing a loyalty program, Huo Fengxiang aims to strengthen customer relationships, improve service quality, encourage repeat patronage, and cultivate long-term brand advocates. This move stems from the understanding that customer loyalty is not only about satisfaction, but also about developing a sense of appreciation and reward that will differentiate Huo Fengxiang from its competitors and ensure continued business growth. Therefore, the loyalty program was developed to respond to the increasing competition and changing customer expectations in the restaurant industry.

Therefore, how can we improve customer loyalty for Huo Fengxiang Hotpot in the Xinghua area? To solve this problem, This project will focus on the following aspects:

Analyze the external environment of China and the target market, including political, economic, social, technological and environmental factors (PESTEL analysis).

Evaluate the industry structure and competitive situation of the target market and identify critical competitive forces (Porter's five forces analysis).

Investigate and analyze the consumer needs and behavioural characteristics of the target market and identify market segmentation and positioning opportunities.

Develop the marketing mix strategy (7Ps) of Huo Fengxiang Hotpot, including product, price, channel and promotion strategies.

Plan a detailed implementation plan, including schedule, budget allocation and control evaluation measures.

This project aims to develop and implement effective marketing strategies to enhance customer loyalty to Huo Fengxiang Hotpot in the Xinghua area. Through systematic market analysis and strategic planning, This project will provide a theoretical basis and practical guidance for Huo Fengxiang Hotpot to gain competitive advantages in the fierce market competition. At the same time, This project will provide valuable experience and references for other companies entering emerging markets.

The theoretical significance of this paper is to explain the relevant marketing theories and, with the help of domestic and foreign literature, take Huo Fengxiang Hotpot as the research object and use PESTEL analysis, Porter's Five Forces Model, SWOT analysis and other methods to comprehensively analyze the enterprise marketing environment; at the same time, on the basis of STP theoretical analysis and research, 7Ps marketing theory, 4Cs marketing theory and experience marketing theory are deeply combined to formulate a scientific and reasonable marketing improvement plan and provide guarantee measures for the improved marketing strategy, providing new development ideas and theoretical basis for domestic hotpot chain franchise stores.

The practical significance of this paper lies in that, through the questionnaire survey and interviews of Huo Fengxiang Hotpot stores in the Xinghua area, the problems and causes of the current marketing of the enterprise are comprehensively analyzed, and the above

mentioned marketing theory combination is used from the perspective of consumers to formulate a set of scientific and reasonable marketing improvement strategies and guarantee measures to enhance the competitiveness and market share of the enterprise, help Huo Fengxiang Hotpot achieve longerterm development, and realize the goal of becoming a leading small hotpot enterprise in the northwest region. At the same time, it has essential experience as a reference for the operation and development of other hotpot chain catering enterprises in China.

Chapter 1 of this paper introduces the research background, pointing out that with the rapid progress of science and technology, the social production capacity has been dramatically improved. Under the impact of experiential consumption, Huo Fengxiang Hotpot catering enterprises lack attention to customer needs and customer loyalty and lack attention to their service quality management, let alone innovation in service content or form. Secondly, the research object Huo Fengxiang Hotpot is introduced. The research question is raised: How can customer loyalty for Huo Fengxiang Hotpot in the Xinghua area be improved? Finally, the significance of This project is determined.

Chapter 2 is a literature review, which reviews and summarizes the research results in related fields. It reviews the theoretical knowledge of marketing strategy, including marketing environment analysis, marketing strategy formulation and marketing strategy implementation, as well as customer loyalty.

Chapter 3 is the research method, which describes in detail the methods and tools used in the research, adopts a research method that combines theory with practice, based on the marketing strategy management theory, and adopts a research method that combines normative research with Questionnaire, and quantitative analysis with qualitative analysis.

Chapter 4 is the marketing plan, including external environment analysis, internal environment analysis, SWOT analysis, marketing goals, market segmentation and positioning, marketing mix strategy and implementation plan. That is, the marketing environment of Huo Fengxiang Hotpot is analyzed from the aspects of macro environment, politics, economy, social culture and technology factors; Porter's Five Forces Model is used for analysis from the industry environment; the company's organizational structure, cultural concepts, internal resources and internal capabilities are introduced from the internal environment. Then, based on the analysis of the marketing environment, the marketing strategy of Huo Fengxiang Hotpot is formulated. The marketing goal of Huo Fengxiang Hotpot has been set, and the combination of the marketing strategy has been determined through the selection of the target market. The next step is to implement the marketing strategy of Huo Fengxiang Hotpot. Through the cycle of making plans, taking measures, analyzing implementation results, and adjusting strategies, the marketing tasks of Huo Fengxiang Hotpot in the market will be realized in several steps of the business cycle.

Chapter 5 is the conclusion and suggestions, which summarize the results of This project and put forward corresponding strategic suggestions, as well as the shortcomings of This project and future research directions.

2. Literature Review

2.1. Research background

With the swift advancement of science and technology and marked enhancement of social production capabilities, human civilization has soared to unprecedented heights. In the 21st century, developed economies represented by Europe and the United States have quietly ushered in the era of The Experience Economy. China is also on the eve of the transformation from a service economy to an experience economy (Pine & Gilmore, 2013). Under the impact of experiential consumption, a new round of consumer upgrading is quietly underway; the customer's mental model and consumer behaviour are slowly changing, along with the new consumer trends on the traditional service-oriented enterprises constitute a new challenge (Li et al., 2024)

Customers pay more attention to service quality. With the increase in per capita disposable income and leisure time of domestic residents (Dam & Dam, 2021), the expanding middle class is seeking a round of consumer upgrading attempts one after another. Changes in the market have brought new opportunities for the development of enterprises, and the wave of consumption upgrading will enable enterprises to gain further profits and development (Shokouhyar et al., 2020). The trend of upgrading consumption in the service industry is manifested explicitly in the customers' pursuit of excellence in service quality; customers expect traditional service-oriented enterprises to provide continuous improvement of service solutions and content.

Customer demand is developing in the direction of diversification. Traditional mass consumption habits are changing; the past single, obsolete service content and form can not meet the growing customer demand for diversified consumption (Morewedge et al., 2021). The factors that lead customers to make service consumption choices are quietly changing (Yli-Nissilä, 2020). Customers begin to consider the constraints of money and time and other factors less and are more willing to spend for self-reward, to be happy, to spend time, and for other reasons. Catering to, and even pleasing, the new needs of customers is a significant trend and a matter of life and death for businesses.

Customers are becoming less and less loyal. Loyal customer groups can provide a stable source of profit for service-oriented enterprises (Dam & Dam, 2021). An essential partner of service-oriented enterprises is service-oriented enterprises that obtain and maintain the competitive advantage of the core resources, but also service-oriented enterprises that survive, develop, and grow the cornerstone. However, in the increasingly fierce competition in the industry today, there are more and more alternatives for customers to choose from (Zhong & Moon, 2020), and customers are no longer satisfied with the original service content and form and are more willing to pay for trying new services (Dam & Dam, 2021). For enterprises, it is becoming increasingly difficult to win and maintain customer loyalty (Zhang, 2024).

2.2. Marketing strategy

In the contemporary market economic system, there exists a myriad of definitions and interpretations of the concept of marketing strategy among various economists and researchers. The author of this thesis condenses the essence of marketing strategy as follows: It is the process undertaken by the corporate marketing department, guided by the company's overarching strategic blueprint. This involves meticulous consideration of the industrial landscape, external market opportunities, and the internal resource status. Based on such factors, the marketing department outlines the targeted marketing objectives for the impending period, selects an apt marketing mix strategy, and ensures its effective implementation and subsequent monitoring. The aim is to orchestrate the company's marketing endeavors, pinpointing objectives, selecting optimal strategies, and meticulously executing and overseeing the entire process.

Marketing strategy organically links the organisation with the external environment and views marketing as the responsibility of the whole organisation rather than just a specialised function. As marketing in the organisation and customers, channel members, and competitors between the unique positioning (Shokouhyar et al., 2020)., the purpose is to create customers, to obtain and maintain customers, to consider how to beat the competition from a longterm point of view effectively (Varadarajan, 2020), invincible, so the marketing process of the strategy development and implementation of the decisive impact of the role of the marketing process, and at the same time also pay attention to market research, collection and analysis of market information, in the environment and market changes in the In the case of environmental and market changes, timely adjustment of strategy, make the right decision marketing strategy on the selection of target customer groups, product development and competitors to determine the provision of practical expertise and skills.

A marketing strategy refers to the overall, long-term planning of the development objectives, directions and methods of achieving the business activities of the enterprise from the strategic point of view according to its own marketing-related political, economic, cultural, technological and other macro environments, the state of industrial development and the enterprise's organisational structure, cultural characteristics, resources, capabilities and the overall development strategy for the future of a more extended period of business development (YAN, 2023). as shown in the figure 2.1,

Figure 2. 1 Marketing strategy

Social market marketing concept	The social marketing concept is a marketing concept centered on the long-term interests of society. It is a supplement and revision of the marketing concept. Its basic core is: to achieve consumer satisfaction and the long-term welfare of consumers and the public as the fundamental purpose and responsibility of the enterprise.
Marketing Concept	The marketing concept is a business philosophy that is guided by consumer needs and desires. It was formed in the 1950s. This concept believes that the key to achieving corporate goals lies in correctly determining the needs and desires of the target market, and everything centered on consumers.
Selling Concept	Consumers usually have a kind of purchasing inertia or resistance, so the central task of enterprise management is to actively promote and vigorously promote products to induce consumers to buy products. It is the exact opposite of the production concept, which is specifically manifested as: "I try to make people buy what I sell."
Product Concept	Product concept is a marketing concept that coexists with production concept. Both emphasize production and neglect marketing.
Production Concept	The production concept was popular in the late 19th and early 20th centuries. This concept holds that consumers like goods that are readily available and inexpensive. Obviously, the production concept is a guiding ideology that emphasizes production and neglects marketing, and its typical manifestation is: "We sell what we produce."

Source: YAN (2023)

2.3. Marketing Strategy Management Process Model

The marketing strategy management process can include: marketing environment analysis, marketing strategy selection, and marketing strategy implementation.

2.3.1 Marketing Environment Analysis

The analysis of the marketing environment of an enterprise can include macro environment analysis, industrial environment analysis and internal environment analysis of the enterprise (Li et al., 2021).

2.3.1.1 Macro environment analysis

The macro-environment faced by enterprise marketing includes the political and legal environment, economic environment, social and cultural environment and scientific and technological environment.

(1) Political and legal environment: The report of the 20th National Congress of the Communist Party of China clearly states: "Education, science and technology, and talent are indispensable foundational and strategic supports for the comprehensive construction of a modern socialist country." We focus on improving total factor productivity, strengthening the

resilience and security of industrial and supply chains, and promoting integrated urban-rural development and coordinated regional development..With the continuous deepening of China's economic system reform and the ongoing advancement of opening up to the outside world, the economic environment faced by enterprises at home and abroad is becoming increasingly complex. In this context, a stable political environment has become key to whether a company can continue to operate in a country. Relying on the stable political environment at home, Huo Fengxiang Hotpot has demonstrated vast development potential and a bright future in the domestic market.

(2) Economic environment: the economic environment of marketing strategy management mainly includes the economic system, economic structure, economic strength, economic development and so on. In the formulation of a marketing strategy, it is necessary to consider the economic development status and economic affordability of the society (Zhang, 2024). The economic environment will affect the degree of marketing strategy achievement and effect, but also an important material condition of marketing strategy management is the enterprise strategy can be the fact that the guarantee for strategic management to provide the necessary human, material and financial resources.

(3) Social and cultural environment: the social and cultural environment of marketing strategy management mainly includes the social population, occupational composition, social welfare, social security system and social ethical norms (Varadarajan, 2020). The social environment is also an essential factor in the macro environment of marketing strategy management (Li et al., 2024). An enterprise's strategy maker needs to consider the general background of society and specific social relations; the development of strategy and the effect of the completion of the strategy should also reflect the value of the development of society as a whole and the primary direction (Chou et al., 2020).

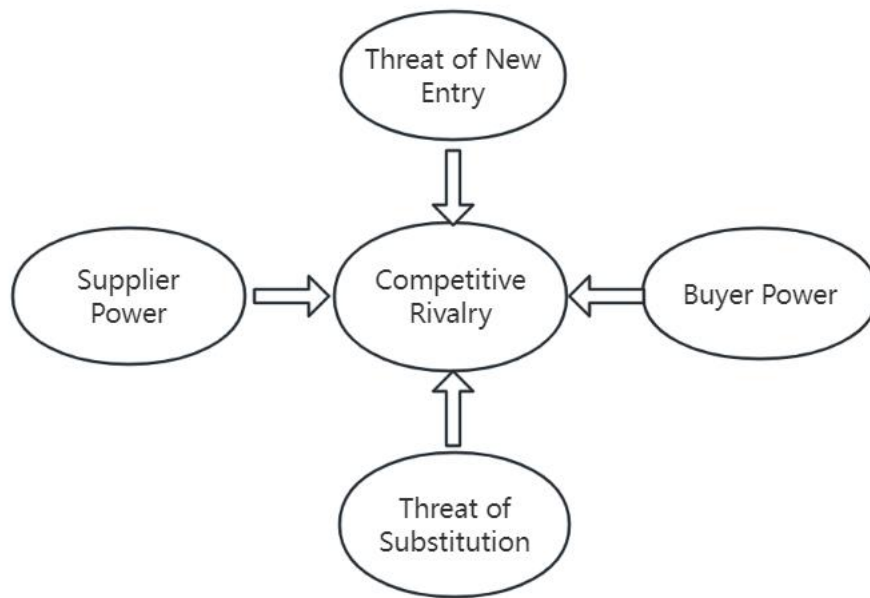
(4) scientific and technological environment: marketing strategy management of the scientific and technological environment refers to the latest scientific and technological research, application and development level, the information dissemination means of collecting and processing information ability, the development and use of new materials, people's scientific knowledge and technology level (Dong & Yan, 2024). In today's society, with the application of new materials and high technology, science and technology are becoming increasingly important for the development of enterprises.

Therefore, the formulation of marketing strategy requires enterprises to accurately grasp and understand the macro environment and systematically analyse it.

2.3.1.2 Industrial environment analysis

The five forces analysis model, which Michael Porter recommended for the study of competitive strategy and which is useful for analyzing the competitive environment of businesses, is mostly used in the analysis of the industrial environment. Corporate strategy has been greatly influenced by this methodology, which has a global reach. Figure 2.2 displays the five forces analysis model.

Figure 2. 2 Porter's Five Forces Analysis model



Source: Jiang & Cao (2024)

Supplier: By decreasing unit values and increasing input costs, suppliers primarily influence the profitability and product competitiveness of currently operational businesses within the sector. The inputs provided by the supplier determine the strength of its bargaining power. The potential negotiation power of the supplier over the purchaser is significantly bolstered, as the market value of the inputs stipulated by the supplier comprises a crucial component of the buyer's product's total price, which not only significantly affects the quality of the purchaser's product but is also integral to the entire production process of the consumer's product (LIAO & Yang, 2021; Wirtz, 2020).

Consumers: Customers' ability to demand better products and services and to apply pricing pressure are the main ways in which they impact the profitability of already-existing businesses in an industry. In general, customers who fit the following criteria are probably going to have significant negotiating power: Although there are few customers overall, each one makes a sizable purchase and contributes significantly to the seller's sales. In the seller's industry, there are a lot of relatively tiny businesses. Consumers buy essentially standardised products and can buy from more than one seller. Sellers are unlikely to be forward-integrated, whereas buyers can be backwards-integrated.

Potential Entrants: While potential entrants bring new resources and production capabilities to the industry, potential entrants may also compete with incumbents for market share and raw materials. The magnitude of barriers to entry into new areas and the expected response of existing firms to potential entrants are two factors that directly affect the severity of the threat of entry by competitors. The likelihood of a new firm entering an industry depends on the magnitude of the risk the entrant will take, the cost it will incur, and the relative magnitude of the potential benefits it will bring.

Substitutes: Two businesses can compete with one another by substituting one another's products, even though they are in different industries. The industry's current firms' competitive tactics may be impacted by this competition from substitutes in a number of ways. By focusing on the substitutes' production capacity, sales growth rates, and earnings expansion, one can determine the level of pressure coming from other manufacturers (Chou et al., 2020). The greater the quality of the alternatives, the cheaper their prices, and the lower their costs of switching for users, the greater the pressures of competition they generate.

Current rivals within the sector: Giving a company an advantage over rivals is the ultimate aim of an aggressive marketing plan (YAN, 2023). Therefore, the implementation of a competitive strategy in the enterprise will inevitably produce confrontation and conflict, which form competition between existing enterprises. Firms can protect themselves by erecting barriers to entry into the industry, including switching costs and achieving differentiation. Firms need to pay close attention to the moves of each competitor in the industry (Wirtz, 2020).

2.3.1.3 Analysis of the internal environment

The analysis of the internal environment of a company is to analyse the strengths and weaknesses of its organisation. The analysis of the internal environment of an enterprise mainly includes the following points: enterprise organisational structure, enterprise culture, enterprise production and R&D status and enterprise financial status (Varadarajan, 2020).

Corporate organisational structure: Generally speaking, if a company has an orderly organisation, timely transmission of information, appropriate structure, and effective management, then the company has a good marketing strategy management environment (Chou et al., 2020).

Corporate culture: the role of corporate culture in marketing strategy management is mainly manifested in the following three aspects: First, the establishment of a unified goal and direction for the strategic management of corporate marketing, the formation of a unified will of the enterprise (Balmer, 2009), Second, the entire marketing strategy management process and marketing strategy managers to provide the spiritual pillars: Third, in the constraints and norms of the entire enterprise staff behaviour at the same time, the education of employees, so that the smooth implementation of corporate marketing strategy management. The third is to educate the employees while restraining and regulating the behaviour of the whole enterprise so that the enterprise marketing strategy management can be implemented smoothly (Li et al., 2024).

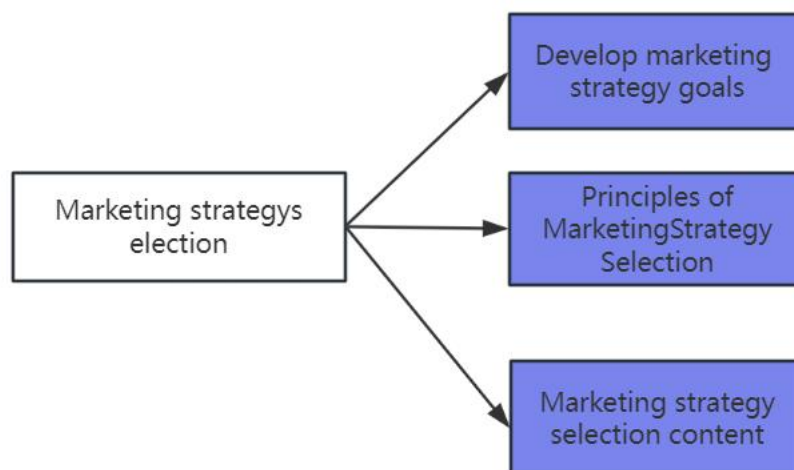
Production, finance, research and development and other internal resources and capabilities: The production capacity of an enterprise provides adequate support for the achievement of marketing objectives while restricting the achievement of marketing objectives. The financial situation is the most persuasive factor in measuring the competitive situation of an enterprise and determining the financial strengths and weaknesses of an

enterprise is the basic principle of effective designation of marketing strategy. R & D capability is crucial for enterprises that need to produce. However, the fundamental guarantee for enterprises to create product differentiation is also one of the most effective ways for enterprises to set higher competitive barriers for substitutes or competitive products (YAN, 2023; Jiang & Cao, 2024).

2.3.2 Formulation of marketing strategy

Marketing strategy selection can be divided into: the formulation of marketing strategy objectives (Hariani, 2022), the determination of the principles of marketing strategy selection and the specific selection of the content of the marketing strategy, as shown in Figure 2.3,

Figure 2. 3 Marketing strategy selection



Source: Hariani (2022)

2.3.2.1 Formulation of marketing objectives

Any business should have clear strategic marketing objectives. Marketing objectives must take into account the time factor; that is to say, marketing objectives must take into account the beginning and the end of the marketing objectives. Marketing objectives must be specific, explicit and secure (Lina, 2022).

Marketing strategic objectives should be formulated based on analysis of the marketing environment. Enterprises should conduct a comprehensive analysis of the macro, industrial, and internal environments to set objectives that guide daily marketing work and enterprise direction.

2.3.2.2 Selection of marketing strategy target market

In the market economic environment, even within the same market, there will be differences in the selection of the target market, which can help enterprises to find a market segment that meets their characteristics so as to avoid pure price competition (Zhang, 2024). Market segmentation, sub-tiki current market consumer characteristics, and market environment first determine the marketing process. Then, the target market is determined, followed by market positioning; this is the STP decisionmaking model, which carries out the target market selection of a decision it is by the market segmentation (Segmentation), the target market to determine (Targeting), and market positioning (Positioning) composed of the strategic analysis of the process. STP strategy refers to market segmentation, market selection, and Market (product) positioning strategy. Market segmentation refers to a particular classification method that divides the market into consumer groups with specific similar characteristics of the process after the division of each consumer group into a market segment.

(1) Market Segmentation

Standard market segments include geographic, demographic, psychological, and behavioral segmentation based on the diversity and heterogeneity of consumers' requirements, motivations, and purchasing behaviors. Businesses can address their target market and produce marketable products through market segmentation, which will help them meet consumer demands and boost profits. Marketable products can also increase product flow, increase production batch size, lower production costs, boost sales, improve recognized labor proficiency, enhance product quality, and boost an organization's overall economic efficiency (Dam & Dam, 2021).

(2) Target market determination

The target market is the market for which the enterprise is prepared to serve. The target market chosen by the enterprise needs to have a specific scale and can enable the enterprise to enter (Kim et al., 2021). Enterprises can choose one or more market segments as the target market; in the target market, the marketing strategies available to enterprises are concentrated market strategy, undifferentiated marketing strategy and differentiated marketing strategy. According to the uniqueness of each market segment and the company's objectives, there are three target market selection strategies: undifferentiated marketing, intensive marketing (Ketter & Avraham, 2021), and differential marketing. Enterprises can decide on the most suitable target market selection strategy, tailored to their unique circumstances, products, and market dynamics, while considering a myriad of factors (Li et al., 2021). Firms may opt for diverse target market strategies that are congruent with their distinct corporate resources, the level of product and market homogeneity, the phase of the product life cycle, and the ever-evolving competitive environment.

(3) Market Positioning

In the 1970s, American marketing scientists Al Rice (A1Rice) and Jack Trout (Jack Trout) put forward the concept of market positioning. It means that the business will position its products in the market based on how competitors' products are currently positioned, how important certain features are to the customer, and how the enterprise's products will make an impressive and unique impression that will be clearly communicated to the customer in order for the product to occupy the right space in the market (Yazid et al., 2020). Specifically, market positioning refers to the position of the enterprise's products in the minds of consumers compared with its competitors; in other words, market positioning refers to the planning of the enterprise to make its products occupy an ideal and clear position in the minds of its target customers relative to the products of its competitors (Alzoubi et al., 2022). The strategy options for market positioning include confrontation strategy, gap strategy and speciality strategy (Hassan, S.S. & Craft, S. 2012). The essence is to make the enterprise's products distinguishable from those of other enterprises, with the aim of influencing the customer's psychology, enhancing the competitiveness of the enterprise as well as its products, thus expanding the sales of the products and ultimately increasing the economic benefits of the enterprise (Hariani, 2022).

2.3.2.3 Formulation of marketing strategy mix

Marketing mix strategy (Marketing Mix) refers to the characteristics of the target market demand, as well as market positioning and tone of the target requirements, coordinating the selection, design and integration of all marketing variables inside and outside the enterprise, period organically combined to form the best combination of programmes. This strategy is the basis for the development of corporate marketing strategy, is a powerful means of dealing with competitors (Dam & Dam, 2021), and is the rational allocation of corporate marketing budget costs based on a series of aspects of the management in order to implement the company's strategy and to achieve the objectives of the decisionmaking. Holleran (2024) Proposes that the marketing mix strategy that is often used is the 4PS strategy, that is, starting from the development of product strategy, and at the same time, the development of price, promotion, and distribution channel strategy, combined into a strategy overall. The life cycle of the product is a significant factor when developing the marketing mix; as shown in the table, different marketing mix strategies should be used for different stages of the product (Shokouhyar et al., 2020). As shown in Figure 2.4,

Figure 2. 4 The life cycle of the product

Marketing objectives	INTRODUCTION	GROWTH	MATURITY	DECLINE
Marketing objectives	Create product awareness & trial	Maximize market share	Maximize profits while defending	Reduce expenditure &
Product	Offer basic	Offer new features extensions, service	Diversify brand & models	Phase out weak items
Price	Usually high; use cost+	Maintain pricing	Match or lower than competitors	Cut price
Distribution	High expenses	Increase number of outlets	Intensify distribution	Very selective
Promotion	Build awareness among early	Build awareness & interest in mass	Stress brand differences &	Reduce level to maintain loyal

Source: Shokouhyar et al. (2020)

First, the creation of products, organizing, creating, and other content related to making decisions are all included in product strategy (Product); its influencing aspects include features of the product such as quality, physical appearance, gear, which is brands, intellectual property rights, the packaging, as well as and so forth. Product is the core and key to the implementation of marketing strategy. In the introduction period, the focus should be on differentiating the new product from previous solutions made for the customer's target expectations and needs; at this stage, product availability is critical to the consumer, and the communication task at the beginning is to build up the consumer's knowledge of the new product's uniqueness. In the growth phase, product prices tend to fall and price differentials between brands decline, the extent of which depends on costs, volume relationships, industry concentration, and fluctuations in raw material costs. In addition to joining in more direct price competition, the company should do its best to maintain and improve the distribution system and maintain the distribution channel by providing customers with incentives to buy. During the maturity period, as technology matures and different brands in the market become more similar, any breakthrough in research and development or engineering that helps to differentiate the product or change costs can be lucrative. Value can be added to the output by improving the ease of use of the product, the ease of incorporation of features or by selling a system product rather than a single product to benefit the customer (Li et al., 2021). In the recessionary phase, extreme efforts are needed to reduce costs as sales fall and costs increase. In this stage, marketing expenses can be reduced by a certain percentage of sales; marketing activities can focus on distribution to persuade intermediaries to continue to buy so that intermediaries can promote product promotions (YAN, 2023; Jiang & Cao, 2024).

Second, the price strategy (Price) comprises establishing the goals for pricing as well as creating guidelines and methods for product pricing. Credit Under certain circumstances, basic rates, discounts, prices for wholesale, and cost at retail are the aspects that influence its payment methods. Pricing is a useful tool for increasing the reach of a marketing campaign. In the modern market economy, the product price is active and variable, and affecting the price of the cause is also a variety of factors (Lu Lan & Zhao Jinlin. 2022). There is an inherent conflict between the two aspects of price strategy; on the one hand, to win

customers, Allowing them to retain some of the inherent value of the good or service is vital, but they also need to be able to make enough money to pay their staff and appease other stakeholders in the business. The product's price must be high enough to pay unit costs without going over the customer's perception of value. Careful consideration of rivals' prices and costs, the organization's strategic goals, and the coherence of other elements of the promotional plan are necessary when selecting a pricing strategy that falls within a workable price range (Zhang, 2024).

Third, promotion strategy (promotion): This is the primary study of how to persuade consumers to purchase products in order to accomplish the strategy's goal of increasing sales; its marketing components include public relations, staff advertising, marketing, including publicity (Varadarajan, 2020). Promotion is a sharp weapon to strengthen the implementation of marketing strategy. Promotional strategy involves planning, implementing, and controlling the organisation's communication activities with its customers and target customers. In marketing strategy development, promotion aims to achieve the goal of communicating with every customer as managers desire. Word-of-mouth communication activities among purchasers, as well as communication activities of other organisations, can have an impact on the company's target customers.

Fourth, the distribution strategy (Place): the main study of goods successfully reach the hands of consumers in the way and manner of such aspects of the strategy, and its influence on the factors include distribution channels, regional distribution, the type of intermediary, transport methods, storage pieces and so on (Alzoubi et al., 2022). Distribution is a winning strategy to promote the implementation of marketing strategy. The distribution strategy maximises product availability to meet customer demand for services, encourages sales efforts, gets up-to-date market information, reduces expenses associated with distribution, and attains flexibility. Manufacturing and vendors of services may try to enlist the help of channel members by means of financial incentives, legal agreements, vertical integration, and the development of mutually beneficial relationships built on trust and future benefits anticipation.

2.3.3 Implementation of marketing strategy

The implementation of marketing programmes generally has three parts: marketing organisation design, control of marketing activities and organisation of marketing activities. Marketing organisation design: the design of the marketing organisation structure is of great significance to the implementation of marketing strategy (Li et al., 2024). Enterprises can choose more marketing organisation design models, such as the choice of functional marketing organisational structure applicable to small scale enterprises, used in regional differences in the product range of less geographically differentiated marketing organisational structure; for more series of products of the brand marketing organisational structure; the use of the same product and customer differences in the customer type based on the division of the market-based marketing organisational structure.

The organisation of marketing activities: Surveys have shown that problems in the strategic management of enterprises are largely due to problems in the implementation of the

strategy rather than in its formulation (Shokouhyar et al., 2020). A good marketing strategy does not necessarily lead to real marketing success. Organisational marketing activities consist of such elements as formulating programmes, establishing organisational structures, developing compensation systems and designing decisions, developing human resources, establishing management styles and corporate cultures, etc. It is a dynamic and systematic process. Only by incorporating the various elements into a whole can the enterprise achieve the expected marketing strategy objectives and successfully organise various marketing activities (Zhang, 2024). Marketing Activities Control: Within a dynamic marketing environment, enterprises engage in a multitude of marketing endeavors. Despite the impeccability of a marketing plan, environmental shifts or the inadequacy of executives' experience and capabilities may lead to unmet objectives or outright failures. This underscores the paramount importance of marketing managers' oversight over marketing activities. The process entails identifying the control target to establish control objectives, defining metrics and standards, contrasting results, analyzing deviations, and devising corrective actions. Techniques for controlling marketing activities encompass profitability control, annual plan control, strategic control, efficiency control, among others.

2.4 SERVQUAL Method

SERVQUAL is a tool for evaluating service quality, which identifies service deficiencies by comparing customer expectations with actual experience (Islam & Ahamed, 2023). The model is based on five dimensions:

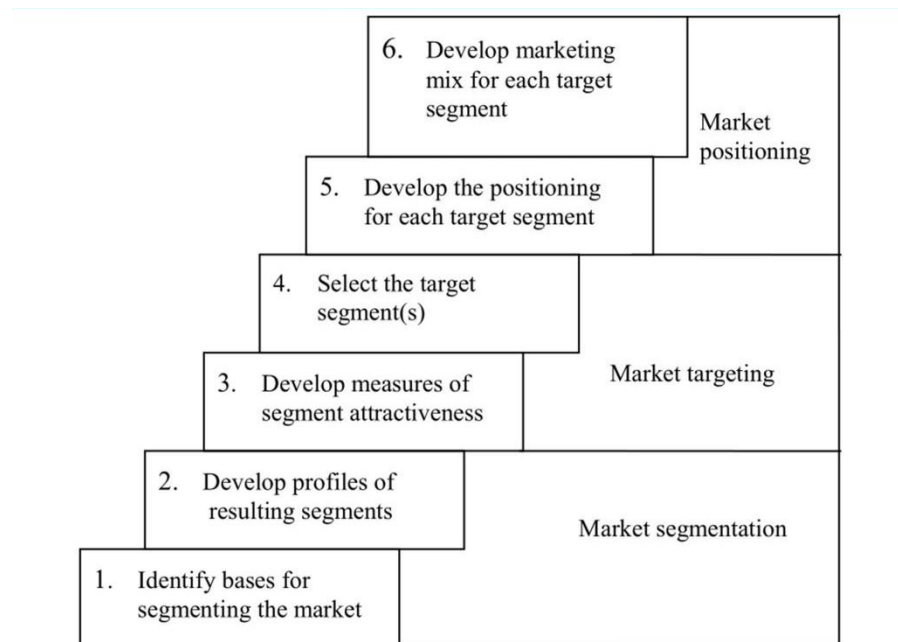
1) Reliability: the ability to provide promised services. For example, whether Huo Fengxiang restaurant can provide the dishes and services ordered by customers as scheduled (Abili et al., 2012). 2) Responsiveness: the ability of employees to respond to customer requests and questions. Evaluate the speed and efficiency of restaurant employees' response during peak hours. 3) Assurance: the expertise and courtesy of employees, and the trust of customers in the sense of security of service. For example, the professional attitude of waiters and the emphasis on food hygiene 4) Empathy: the care and attention of employees to customers. Explore whether the restaurant can provide personalized services and understand customer needs and preferences. 5) Tangibles: the appearance and facilities of the service environment. For example, the environment of the restaurant, the cleanliness of the table, the design of the menu, etc. Therefore, in order to improve customer loyalty, Huo Fengxiang restaurant can apply the SERVQUAL model through the following steps: design a questionnaire to collect customer expectations and perceptions of the above five dimensions; analyze the collected data, identify the gap between expectations and perceptions, and find out the key deficiencies in service quality. Propose improvement plans, and after implementation, conduct regular customer satisfaction surveys, continuously monitor service quality, and adjust strategies in a timely manner to respond to changes in customer needs (Jusufbašić & Stević, 2023). Through the above methods, Huo Fengxiang Restaurant can effectively use the SERVQUAL model to improve service quality and thus enhance customer loyalty (Jiang et al., 2023). This will not only improve customer experience, but also bring long-term business growth to the restaurant.

2.5 Review of theories related to marketing strategy

2.5.1 STP theory

The cornerstone of contemporary marketing theory is STP theory, also referred to as market positioning theory. It consists of three components: market segmentation (Segmentation), target market (Targeting), and market positioning (Positioning), the central idea of which being that it is solely up to the target customers or consumers to decide. Six steps make up its specialized functioning, as seen in Figure 2.5 below.

Figure 2. 5 Segmentation, Targeting and Positioning (STP) Model



Source: Adapted from the STP Model in marketing theory frameworks. (2024)

Market segmentation in STP theory is predicated on the following four factors: geographical, including towns, villages, cities and regions, provinces, etc.; Psychographic information factors, such as socioeconomic status and lifestyle, and demographic factors, such as age, gender, and size of family (Lina, 2022). Customer loyalty and the advantages of the product are examples of behavioral characteristics. 2020 Yazid et al. Murphy & Gouldson (2020) suggest that enterprise products, market demand, and customer requirements can all inform a company's market placement. Avoiding strong positioning, antagonistic positioning as well as repositioning, and other similar techniques are the primary positioning techniques. In order to achieve corporate profitability, businesses must base their product positioning strategies on their unique attributes, consumer needs, and other elements of the market positioning approach. This will guarantee that the product positioning is precise and effective.

For instance, a car's positioning will determine which is the safest, most enjoyable to drive, most fuel-efficient, and so forth; these are businesses that focus on positioning their products and selecting their target market in a distinctive way. the same with other people or the distinct technical performance and other distinctions to set apart from other comparable items on the market, with the goal of gaining the market's favor and seizing it swiftly (Li et al., 2024). In light of its unique circumstances at various stages of development, Huawei is effective in applying this marketing theory (Zhong & Moon, 2020). It also successfully combines market segmentation with enterprise products and services into the target market, as well as offering positioning and changing their position (Murphy & Gouldson, 2020). and ultimately force the business to identify a number of submarkets that are in line with their own growth and swiftly fill them with specialized technical goods and services (YAN, 2023; Jiang & Cao, 2024), in order to take advantage of market opportunities. This allows the business to meet its marketing goals and grow (Kim et al., 2021).

2.5.2 Customer Value Proposition

Customer Value Proposition (CVP) is a statement used by a company to articulate the unique value or benefits of its products or services to customers. As defined by (Varadarajan, 2020), the core of CVP is to provide a clear answer to the question, "Why should customers choose our products or services over those of our competitors?" CVP increases customers' willingness to buy and loyalty by positioning the company's uniqueness in the market and emphasising that the product or service solves the customer's specific problem and satisfies his or her needs (Zhang, 2024).

The main components of a CVP are the target audience, 1) the target customer group that defines the value proposition.2) the problem/solution, 3) a description of how the product or service solves the specific problem faced by the customer or satisfies their needs the benefits, detailing the specific benefits or improvements that the customer will receive.5) differentiation, highlighting what is unique compared to competitors.

In the restaurant industry, the design of CVPs is crucial. For example, the Huo Fengxiang Hotpot can build its value proposition by offering a unique dining experience, high-quality ingredients, or excellent customer service (Darmawan & Grenier, 2021). An effective CVP not only helps attract new customers but also increases the loyalty of existing customers.

Figure 2. 6 Customer Value Proposition model



Source: Darmawan & Grenier (2021)

2.5.3 Customer Relationship Management (CRM)

Berry coined the phrase "relationship marketing" and published it in a book in 1983. Barbara Jackson first put up this idea in the sphere of industrial marketing in 1985. He thought that "a relationship marketing involves obtaining, building and sustaining close long-term connections with industrial users (Ravald & Grönroos, 1996)." Relationship marketing is now widely understood to be the process of determining, creating, preserving, and strengthening the bonds between enterprise clients and other stakeholders. The essence of relationship marketing is to establish non-transactional relationships based on buyer-seller relationships to ensure that transactional relationships can be continuously established and occur (Grönroos, 1996).

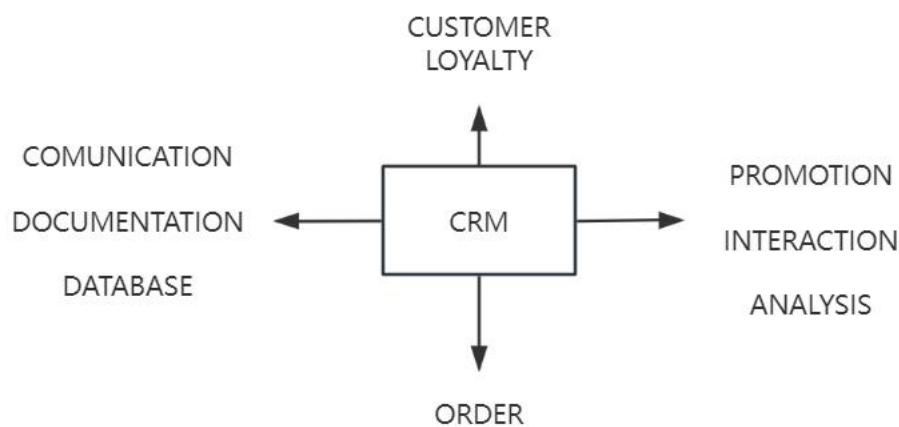
Both Grönroos and Berry's relationship marketing theories emphasize the importance of long-term customer relationships and value co-creation. Grönroos pays more attention to the role of service and interaction in relationship marketing, while Berry emphasizes the importance of customer loyalty, trust and commitment in relationship marketing (Grönroos, 2009). The two theories complement each other and together provide an important theoretical basis for modern marketing theory.

The approach and practice of managing a business's contacts with both current and potential customers is known as customer relationship management, or CRM. It entails leveraging technology and data to boost customer happiness, strengthen customer ties, and accelerate sales growth. CRM systems help firms better understand customer needs by recording and analysing customer data to provide personalised service and communication.

The main components of CRM are: 1) CRM systems, software tools for managing customer information, interactions, and data analysis. For example, Salesforce and HubSpot are common CRM platforms (Zhong & Moon, 2020). 2) Customer data, which collects and analyses data about customer behaviours, preferences, and interactions in order to facilitate accurate marketing strategies and improve service quality. 3) Customer interactions, which manage and improve touchpoints, such as sales, support, and customer service, to improve the overall customer experience. 4) Loyalty programmes, to implement reward programmes to motivate repeat customers and promote long-term customer engagement.

In the marketing of Huo Fengxiang Hotpot, CRM can be used to track customer preferences, manage feedback, and develop targeted marketing campaigns to enhance customer loyalty. By implementing a CRM system, Huo Fengxiang Hotpot can create personalised offers and maintain a strong relationship with its customers (Darmawan & Grenier, 2021).

Figure 2. 7 Customer Relationship Management (CRM)



Source: Darmawan & Grenier (2021)

2.6 Customer loyalty

2.6.1 The concept of loyalty

Customers refer to those who purchase products or services produced by a company. They can be individual consumers or various organizations composed of people (Kim et al., 2021). Loyalty is defined in the Chinese dictionary as a person's sincerity and dedication to the country, the people, the cause, the superior, and friends. It can be seen that in the Chinese cultural circle, loyalty is a commendatory word, which is understood as a loyal attitude or a continuous behavior. In marketing research and practice, the idea of customer loyalty is frequently employed, with an emphasis on the consistency of customers' buying patterns as well as their awareness of and reliance on the company's goods and services. If a client is adamant about buying and utilizing a business's goods or services for an extended period of

time, the customer can be considered to be highly loyal. Customer loyalty reflects the customer's trust and loyalty to the company, product or service in thought and emotion (Saputra & Sunitiyoso, 2021). If higher customer loyalty can be obtained, it reflects to a certain extent that the company has accumulated specific advantages in longterm competition. Customer loyalty is the result of further quantification and operationalization of the concept of customer loyalty (Yum, K., & Yoo, B. 2023). Usually, this indicator is affected by many factors, such as price, quality, and industry.

Since the concept of customer loyalty was born, its content has been continuously enriched. The academic community has also undergone a process of evolution from monism to pluralism (Shokouhyar et al., 2020).

Early cognition of customer loyalty mainly came from the observation of customer behavior. Scholars generally believe that customer loyalty means that customers repeatedly purchase a certain product or specific service without changing their consumption behaviour (YAN, 2023; Jiang & Cao, 2024). However, with the deepening of research, scholars gradually realized that customers' attitudes or emotions towards brand products, services, and companies might play a more important role than behavior. Relevant definitions of behavioural loyalty. Zhang (2024) believed that the possibility of customers buying the same brand of products again is customer loyalty. Customer defection is caused by a problem with the product during consumption. (Morgeson et al. 2020) think customer loyalty is the behavior of customers repeatedly buying a certain product without considering other brands of products. customer loyalty is the behavior of customers tending to repeatedly buy the same product or service, that is, the probability of customers repeating purchase behavior. Li et al. (2024) believe that customer loyalty is the behavior of customers who are influenced by price, product or service characteristics and other factors and purchase a certain brand of products or services for a long time (Kim et al., 2021). In addition to customers' repeated purchases, behavioural loyalty also includes positive word of mouth and recommendations to others. In the early days, due to the influence of behavioral perspectives on marketing practice, companies tended to adopt discounts, multiple consumption discounts and other measures to maximize the possibility of customers' repeated consumption. These measures can certainly strengthen the possibility of customers' consumption, but they also bring pressure on companies to increase costs. Other competing companies may also induce customers to betray by adopting related measures.

2.6.2 Customer Relationship Management (CRM) and Loyalty

Customer Relationship Management (CRM) is a customer-centric business strategy and technology framework that aims to improve the competitiveness of an enterprise in the marketplace through the collection, management, and analysis of customer information, thereby achieving business growth and customer satisfaction (Čavlin et al., 2024). Customer Relationship Management is not just a tool but a set of strategies, processes and technologies that work together with sales, marketing, customer service and technical support to create a superior customer experience (Azeem et al., 2022).

In today's competitive marketplace, it is difficult to understand and respond quickly to customer needs with traditional methods. With Customer Relationship Management, organisations can manage customer relationships more efficiently and achieve significant improvements on multiple levels (Al-Shammari, 2023). For example, Customer Relationship Management helps companies to better understand their customers' needs and preferences and personalise their marketing and services to significantly increase customer satisfaction and loyalty (Rane et al., 2023). By responding quickly to customer questions and providing personalised advice, customers are more likely to make repeat purchases and become long-term business partners (Sofi et al., 2020). Customer Relationship Management enables sales teams to work more efficiently by automating sales tasks, improving leads and tracking sales opportunities. This not only shortens the sales cycle but also increases the sales success rate. The system also provides intuitive sales reports and forecasts to help managers make more informed decisions. With Customer Relationship Management, marketing teams can more accurately analyse and segment target customers and create more targeted marketing campaigns. The analytical tools provided by the system help the team to evaluate the effectiveness of the campaigns so that they can continuously improve their marketing strategies. Customer Relationship Management centralises customer data on one platform, allowing sales, marketing and customer service teams to work together and share resources without the need to switch between different systems. This not only improves work efficiency but also reduces the chance of errors.

2.6.3 The role of marketing in driving loyalty and ROI

The level of a customer's emotional attachment and commitment to a brand is referred to as brand loyalty. It shows how much customers trust and identify with the brand, as well as whether they want to keep buying its goods and services. Brand ROI is significantly impacted by brand loyalty. First, a brand's market share can rise as a result of brand loyalty. Customers are more inclined to select a company's goods or services when they have greater brand loyalty., which increases the brand's sales and market share. Second, brand loyalty reduces brand marketing costs (Khan et al., 2022). Loyal consumers tend to actively recommend the brand to others, thus reducing brand promotion and advertising costs. In addition, loyal consumers are more likely to be attracted to brand promotions, thus increasing the effectiveness of promotions (Arslan, I. K. 2020). In addition, brand loyalty helps to increase the profitability of a brand. Loyal consumers usually continue to purchase the brand's products or services, which results in a stable sales revenue. Furthermore, they are also more prepared to pay a higher price for the goods or services offered by the brand, which boosts its profitability.

Brand loyalty can be increased through marketing; firstly, brand marketing should be done in a way that highlights high-quality products or services to satisfy consumer needs. Secondly, brand marketing should create a positive brand image that appeals to the consumer's emotional connection through brand stories and values. In addition, brand

marketing should also highlight ways to enhance consumer loyalty by establishing a membership system and providing personalised customer service. In conclusion, marketing has a significant impact on brand loyalty and brand ROI. By increasing consumer loyalty to a brand through marketing, brands can increase market share, reduce marketing costs, and improve profitability. Therefore, brand managers should pay attention to brand marketing and take appropriate measures to increase consumer loyalty.

2.6.4 Acquiring New Customers and Maintaining Old Customers

From an economic perspective, keeping current clients is far less expensive than bringing in new ones. Market study indicates that the expense of bringing on a new client is five to twenty-five times greater than that of keeping an existing one (Arslan, I. K. 2020). The difference comes from advertising costs, promotional activities, and the difficulty of building initial trust. Repeat customers already have a certain level of knowledge and trust in the brand, so it is much less expensive to continue to keep them happy (Rane et al., 2023). The marketing community is divided into two schools of thought about marketing to repeat customers versus new customers. One is the 'positioning marketing' school represented by Phil Kotler and his colleagues, and the other is the 'mass marketing' school (Khan et al., 2022). Kotler believes that marketing is based on positioning and customer segmentation, that marketing should focus on customers with high loyalty, strong purchasing power and high return on investment, and that the focus should be on retaining existing customers (heavy customers) rather than acquiring more new customers. The 'mass marketing' school of thought disagrees, arguing that we are in a fast-paced business environment where it is becoming increasingly difficult for brands to build deep relationships with a large number of customers and that it is better to focus marketing resources on lighter customers, which can lead to significant market share gains. This project follows Kotler's concept.

2.6.5 Loyalty ladder theory and loyalty and drivers in the restaurant industry

Impulsive, emotional, cognitive, and behavioral loyalty are the four primary categories of customer loyalty behaviors in business behavior, each with varying degrees of intensity. Some of the following traits are shared by these four forms of consumer loyalty:

Behavioral and cognitive loyalty are more sensible than emotional and impulsive loyalty. and such rational loyalty usually lasts longer (Arslan, I. K. 2020). Impulsive loyalty is the lowest level of customer loyalty and lasts for a shorter period of time; behavioural loyalty is the highest level of customer loyalty and lasts for the longest period of time.

The most valuable thing for companies to do is to define customer loyalty in terms of its behavioural dimension (Rane et al., 2023). In this way, corporations can influence the future behaviour of their customers by preparing marketing techniques that are helpful to their bottom line. Gaining an understanding of these four customer loyalty behaviors can help us

differentiate between various customer loyalty behaviors in marketing and implement various marketing techniques to draw in various clientele.

For Huo Fengxiang Hot Pot in Xinghua. In Chinese dining culture, factors such as dining environment, service quality, food authenticity and cultural resonance play an important role in customer loyalty. Given Huo Fengxiang's unique position in the market, the business model is an important factor: Huo Fengxiang is a franchise store with multiple branches in urban and suburban areas, each of which aims to provide an authentic hot pot dining experience. The atmosphere, seating capacity and average ticket price of the restaurant play a key role in shaping customer perception and increasing loyalty. Huo Fengxiang's dining experience aims to enhance the overall dining experience and cultivate customer emotional and behavioral loyalty.

2.6.6 Communication Actions to Enhance Loyalty

2.6.6.1 Personalised Marketing and Communication

Customizing offers and messaging to clients according to their past interactions, preferences, and behavior is known as personalized marketing (Khan et al., 2022). This strategy promotes client happiness and loyalty by giving them a more relevant and engaging experience. Customer data can be gathered and analyzed using CRM systems, including purchase history, preferences and feedback (Čavlin et al., 2024). Use the collected data to send personalised offers, discounts and product recommendations via email, SMS or app notifications. Create personalised content for customers, such as birthday messages, anniversary rewards and personalised thank-you notes.

2.6.6.2 Use social media and digital platforms

Social media and digital platforms are important tools for engaging customers, building brand awareness, and fostering a sense of community. These platforms allow for direct and immediate interaction with customers through regular updates and content sharing, regular and special offers, behind-the-scenes content and client testimonials on social media sites like Facebook, Instagram, WeChat, and Weibo (Al-Shammari, 2023).

Run interactive campaigns such as competitions, polls and live Q&A sessions to engage customers and encourage participation. Partner with local influencers to reach a wider audience and build credibility. Influencers can share their dining experiences and promote special offers (Khan et al., 2022). Respond to customer comments, messages and reviews in a timely manner. Acknowledge positive feedback and resolve any issues or complaints professionally.

2.6.6.3 Customer Feedback and Engagement Strategies

Actively seeking and utilising customer feedback helps organisations to understand customer needs, improve services and demonstrate to customers that their opinions are valued, thus increasing loyalty. Feedback is provided by offering customers a variety of channels, such as comment cards, online surveys, social media and direct messages. Regular surveys should be conducted to gather insights on customer satisfaction, preferences, and areas for improvement (Azeem et al., 2022). Provide incentives for completing surveys to increase engagement. Respond to feedback in a timely manner and take visible action based on customer suggestions. Inform customers of changes or improvements made as a result of their feedback (Arslan, I. K. 2020). Organise events such as customer appreciation days, exclusive tastings and loyalty programme member gatherings to engage with loyal customers and build stronger relationships.

3. Methodology

3.1 Research Methods

This project will use a combination of qualitative and quantitative methods to fully understand customer satisfaction and loyalty to Huo Fengxiang Hotpot. Combining theory with practice based on theories such as marketing strategy management, normative research with investigation, and quantitative analysis with qualitative analysis through literature research and market research collect and analyze relevant market data and information. To perform a systematic environmental assessment, tools like SWOT analysis, Porter's five forces analysis, and PESTEL analysis. On the basis of summarizing experience and data, analyze the successful experience of other competing companies' marketing strategies and make marketing strategy decisions. Establish the business objectives and product positioning of Huo Fengxiang Hotpot and form a marketing strategy; in the process of implementing the strategy, adjust the marketing strategy in a timely manner according to market competition and customer needs to make it more in line with the company's development. In the course of conducting research and composing written work, it is imperative to employ the literature survey method, utilizing both books and the Internet as platforms to scrutinize pertinent literature. This endeavor aims to enhance the standardization of the research framework.

Specifically, this research will achieve the following goals:

- a.To analyze the external environment (political, economic, social, technological, environmental, and legal factors) of China and the target market using a PESTEL framework.
- b.To assess the competitive landscape of the hotpot industry in Xinghua, applying Porters Five Forces model to identify key forces shaping competition.
- c.To investigate consumer needs and behaviors, including market segmentation and positioning opportunities, to understand better what drives customer loyalty.
- e.To develop an enhanced marketing mix strategy (7Ps), including product, price, place, promotion, people, process, and physical evidence, to improve customer loyalty.
- d.To design a detailed implementation plan, specifying timelines, budget allocations, and control mechanisms to monitor progress and ensure the plans success.

(1) Quantitative analysis is to design a questionnaire covering a wider range of customers to collect data on the consumer experience and satisfaction of Huo Fengxiang Hotpot. The questionnaire will include evaluations of food taste, service quality, price fairness, etc., and will also focus on customer loyalty and willingness to repeat consumption. Through the analysis of quantitative data, we can understand customers' preferences and needs more clearly and provide more targeted business strategies for hot pot restaurants. At the same time, the method of analyzing the quantitative relationship characteristics and quantity and quantity changes of the research objects is mainly based on system statistical analysis.

SPSS 19.0, Microsoft and other system statistical analysis software are used to establish sales forecast models and marketing investment return calculation models based on quantitative information of variable correlation, laying the foundation for planning and evaluating marketing strategies.

(2) Qualitative analysis is a literature research method. It combines the database provided by the ISCTE University Institute of Lisbon library system and Internet platforms such as Baidu Academic Search to track and read key concepts such as "marketing", "4Ps marketing mix", "strategic management", "marketing strategy" and "regression analysis". Including but not limited to the following journals: Journal of Marketing (JM); Journal of Consumer Research (JCR); Journal of Marketing Research (JMR); Marketing Science; Journal of the Academy of Marketing Science (JAMS); International Journal of Research in Marketing (IJRM); Journal of Retailing; Journal of Business Research (JBR). Through a large number of previous research results, the foothold of This project is discovered, the research ideas and methods of this paper are clarified, and at the same time, corresponding support and basis are provided for the research questions and theoretical model construction of this paper.

3.2 Research Design

3.2.1 Target population

The target population of This project is the existing and potential customers of Huo Fengxiang Hotpot in the Xinghua area. Existing customers include consumers who have already patronized Huo Fengxiang Hotpot and have a certain understanding and experience of the services and products of Huo Fengxiang Hotpot. Potential customers are those who may become consumers of Huo Fengxiang Hotpot but have not yet patronized it. The target population will cover consumers of different ages, genders, occupations and income levels to ensure the comprehensiveness and representativeness of the research results. The above are the specific target population of interest in This project, specific target population as the existing and potential customers of Huo Fengxiang Hotpot in Xinghua, spanning different demographics to ensure comprehensive and representative research. This focus will help tailor strategies to both retain current customers and attract new ones.

3.2.2 Sampling method

This project will adopt a stratified random sampling method. First, the population will be stratified according to different characteristics of the target population (such as age, gender, occupation and income level), and then samples will be randomly selected in each layer. This ensures that the proportion of each subgroup in the sample is consistent with its proportion in the population, thereby improving the representativeness of the sample. In addition, in order to increase the breadth and effectiveness of the sample, the study will also

combine the convenience sampling method to distribute questionnaires in Huo Fengxiang Hotpot stores and online platforms. It's essential to note that while convenience sampling increases sample size, it is a non-probability sampling method, meaning the error margin cannot be precisely calculated, limiting its generalizability.

3.2.3 Time period for data collection

Data collection will be carried out in two stages:

Preliminary preparation stage at May 12th -28th 2024: including questionnaire design, presurvey and adjustment of questionnaire content to ensure the validity and reliability of the questionnaire.

Formal survey stage at June 1th-26th 2024: Questionnaires are distributed in Huo Fengxiang Hotpot stores and online platforms to collect customer consumption experience and satisfaction data. Holidays and special events will be avoided during the formal survey stage to ensure the stability and reliability of the data.

3.2.4 Sample size

This project intends to gather at least 150 genuine questionnaires in order to guarantee the statistical significance and dependability of the research findings. The following criteria will be used to determine the sample size: the entire clientele of Huo Fengxiang hotpot within the Xinghua region, the expected confidence level and the confidence interval. Usually, a 95% confidence level and a $\pm 5\%$ confidence interval are commonly used standards relies on the presurvey's findings to calculate the data's variability and dispersion. This project employed non-probability sampling for the 150 questionnaires because, in the event that probability sampling was utilized, the margin of error would be $\pm 8\%$. The questionnaire for This project can be found in the attachment.

3.2.5 Data Analysis Techniques

Data analysis will use a combination of quantitative and qualitative methods:

Quantitative analysis:

Descriptive statistics: To comprehend the fundamental properties of the sample and the distribution of customer satisfaction, basic descriptive statistical analysis of questionnaire data, such as frequency distribution, mean, standard deviation, etc., is performed. Correlation analysis: The relationship between customer satisfaction and loyalty as well as the effects of various aspects (such food taste, service quality, price fairness, etc.) on customer satisfaction are examined using the Pearson correlation coefficient or Spearman correlation coefficient.

Qualitative analysis:

Literature analysis: Combined with the research results of predecessors, further deepen the understanding of customer loyalty and verify the results of quantitative analysis.

Content analysis: Code and classify the open questions in the questionnaire to identify the main needs and suggestions of customers for Huo Fengxiang Hotpot and explore potential problems and room for improvement.

Through the above data analysis techniques, comprehensively and systematically evaluate customer satisfaction and loyalty to Huo Fengxiang Hotpot, providing a solid basis for formulating and adjusting marketing strategies.

4. Marketing Plan

4.1. Executive Summary

This chapter outlines the marketing strategy to increase customer loyalty for Huo Fengxiang Hotpot in the Xinghua area. It includes analysis of external and internal factors affecting the market, identification of key opportunities and threats, and detailed planning of market segmentation, objectives, positioning, and marketing mix. The chapter ends with an implementation roadmap, including timelines, budgets, and control mechanisms.

4.2. External Situational Analysis

The external scenario analysis examines the wider environment in which Huo Feng Xiang Hot Pot will operate. This comprises Porter's Five Forces analysis, PESTEL analysis, industry analysis, competition analysis, and consumer analysis.

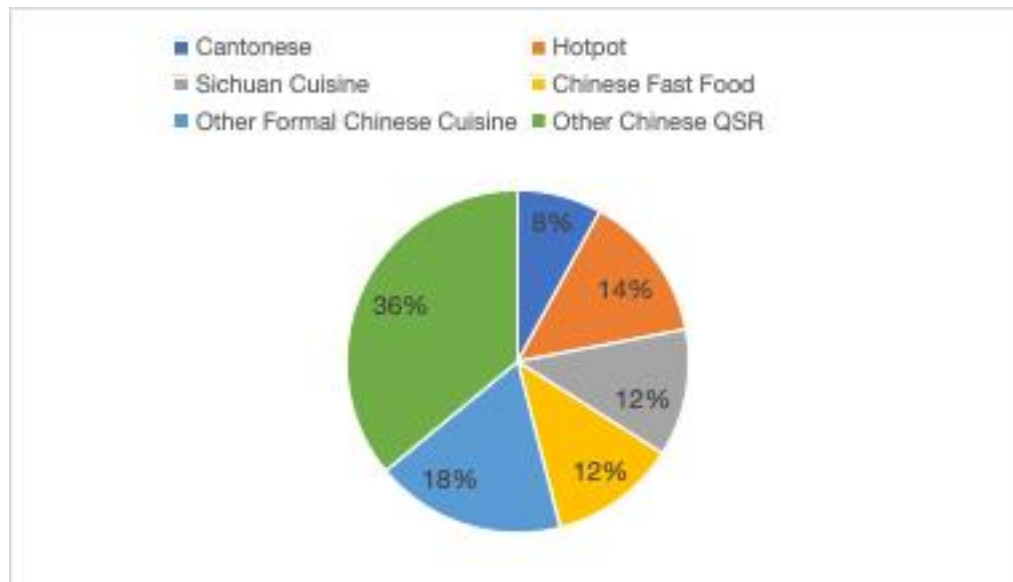
4.2.1 Hot Pot Market

As a typical catering enterprise, hot pot enterprises have faced the impact of new consumption trends in recent years. Influenced by the level of disposable income of residents and traditional industrial economic thinking, Chinese catering enterprises have always tended to take the low-end route (Jobber, D., & Shipley, D. 2012), pursuing market share brought by low-price competition and, more importantly, scale effect. Under the influence of the concept of "scale determines victory or defeat", traditional hot pot catering enterprises pay insufficient attention to customer needs and customer loyalty (Kim et al., 2021) and do not pay enough attention to the management of their service quality, let alone innovation in service content or form (Shokouhyar et al., 2020). However, this concept has been impacted and changed with time. As China's economic development enters a new normal, the external environment of traditional service-oriented enterprises has changed to a certain extent, prompting enterprises to embark on the road of transformation and upgrading. In the process of struggling to absorb, traditional Chinese catering enterprises need to have robust marketing theories as guidance, and absorption needs to have specific and practical practical suggestions as a reference (Lina, 2022).

Tens of thousands of young people favour hotpot catering because of its decadent style, diverse tastes, addictive nature and social attributes. According to the data, the market scale of China's hotpot catering accounted for 13.65% in 2017 and rise to 14.2% in 2021, with its market scale increasing year by year (LIAO & Yang, 2021), For 2023, the Chinese hotpot market continued its steady growth, driven by the increasing popularity of experiential dining

and demand for fresh, customizable meal options. The market was valued at around 14.5% of the overall restaurant industry, with continued expansion due to consumer interest in healthier, interactive dining experiences. For 2024, projections suggest a further rise to approximately 14.8% of the restaurant market, as hotpot's appeal to both health-conscious and traditional diners remains strong as shown in figure 4.1: The proportion of hot pot in Chinese restaurants. Category Breakdown by Sales.

Figure 4. 1 Chinese Cuisine: Category Breakdown by Sales



Source : LIAO & Yang (2021)

From the perspective of catering industry income, affected by COVID-19, the total income of China's catering industry in 2020 is about 3.952,7 trillion yuan, down 15.4% compared with the previous year. In 2021, China's catering industry income was about 4.6895 trillion yuan, up 18.64% compared with the previous year. In 2022, China's catering industry income was about 4.3941 trillion yuan, down 6.3% compared with the previous year. In 2022, the total revenue of China's catering industry will be about 4.3941 trillion yuan, down 6.3% from the previous year (Su, 2021). Overall, the overall level of the catering industry under the influence of the epidemic has been rising year by year, the quality of development has been improving, and the pace of development has been gradually accelerated (LIAO & Yang, 2021). In terms of policy, following the heavy impact of the Xin Guan epidemic on the domestic economy in early 2020, the state has made solid safeguards for epidemic prevention and control while also encouraging and supporting the catering industry with relevant policies (Kim et al., 2021). For example, on 18 February 2022, Seven steps were released by the National Development and Reform Commission (NDRC) and other departments to alleviate and uplift the catering industry; on 27 June 2022, the Ministry of Commerce (MOFCOM), the National Development and Reform Commission (NDRC), and 11

other departments jointly issued a series of documents such as the "Circular on the Implementation of Supportive Policies for the Resumption and Development of the Catering Industry", which was designed to help catering enterprises alleviate their pressure, regain their strength, and revitalise their vitality. Following the release of the "New Ten Articles" on epidemic prevention and control on 7 December 2022, domestic catering gradually resumed fullscale dining, ushering in a new recovery and rebound in catering consumption.

4.2.2. PESTE Analysis

The political, economic, social, technological, and environmental aspects of the Xinghua region that can affect patronage of Huo Fengxiang Hot Pot are assessed by the PESTEL study.

4.2.2.1. Political and Legal Context

(1) Stable political environment

The 20th CPC National Congress report suggested that we adhere to the theme of promoting high-quality development, implement the strategy of deepening supply-side structural reform and expanding domestic demand, improve the quality and level of international circulation, accelerate the construction of a modern economic system, and concentrate on improving total factor productivity. We also need to work toward enhancing the resilience and security of the supply chain and industrial chain, prioritize urban and rural integration, and encourage sensible growth in quantity as well as quality. (YAN, 2023; Jiang & Cao, 2024). This shows that China is actively building a stable and united political environment to promote economic development and comprehensively improve people's living standards. With the continuous deepening of China's economic system reform and opening up, enterprises are facing increasingly complex domestic and foreign economic situations, which has raised new issues for the survival and development of China's state-owned enterprises. A stable political environment is the key to whether an enterprise can continue to operate in a country. Relying on the stable domestic political environment, it is certain that Huo Fengxiang Hotpot will have a promising future in the domestic market.

(2) Policy support for enterprises

The government has also issued pertinent policies to support the development of the hot pot catering industry in recent years, such as the "business tax to value-added tax" policy to lessen the tax burden on companies, and the Ministry of Commerce has noted that it is necessary to increase the proportion of popular catering in the national catering industry (Zhang, 2024). These policies have been developed in conjunction with the national policy of expanding domestic demand and accelerating the development of the service industry. The hot pot catering industry has ushered in policy dividends (Zhong & Moon, 2020). From the beginning of 2020 to the end of 2022, the new crown pneumonia epidemic has continuously brought major shocks to the domestic catering industry: the state has made corresponding deployments and adjustments according to the situation and promulgated various policies to support the development of real enterprises (Mesak et al., 2020). To fully protect the "food safety" of the public, the State Administration for Market Regulation issued the "Notice on Strengthening Food Safety Supervision of Chain Food Operation Enterprises" in October 2021. On February 18, 2022, the National Development and Reform Commission and other departments introduced seven measures to support the catering industry (Zhang, 2024); on June 27, 2022, the Ministry of Commerce, the National Development and Reform Commission, and 11 other departments jointly issued the "Notice on Implementing the Policies to Support the Recovery and Development of the Catering Industry." in order to help catering companies relieve pressure, restore vitality and boost vitality; on December 7, 2022, with the promulgation of the "New Ten" policy for epidemic prevention and control, the domestic catering industry ushered in a full recovery and rebound after the lifting of the epidemic suppression (Varadarajan, 2020).

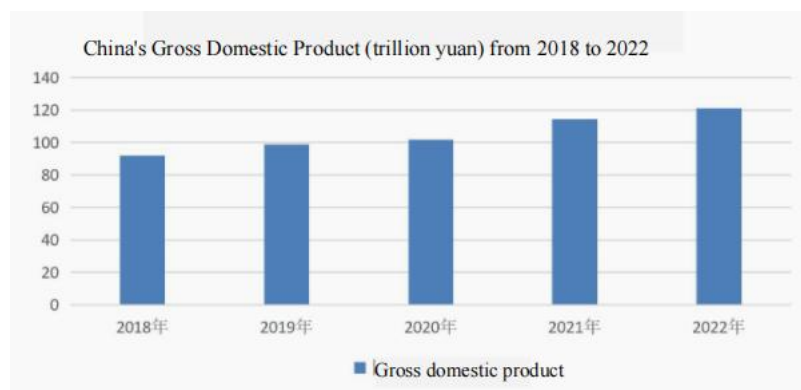
4.2.2.2. Economic Context

The national economic policies and social and economic circumstances that businesses depend on to survive and grow are referred to as the "social and economic environment." such as economic development level, national income status, consumer spending patterns, consumption structure and urbanization process (McDougal et al., 2023). Just like plants need soil, the economic environment is as important as the soil for enterprises to take root (Аптюхов, 2020). With the steady and rapid development of China's economy, the gross domestic product and per capita disposable income have increased year by year, the consumption capacity of urban residents has gradually increased, and at the same time, the consumption structure of residents has been continuously improved. All of these have provided strong economic support for the development of hot pots (Ferrell et al., 2022).

(1) Domestic GDP and growth rate

The total outcome of all permanent units' production activity over a specific time period in a nation (or region) is its GDP, or gross domestic product. The foundation of national economic accounting is GDP. It is also a crucial measure of a nation or region's economic standing and degree of development. China's economy has been growing quickly in recent years, and as a result, GDP has been increasing annually. China's GDP increased 6.65 trillion yuan from 2021 to 121.02 trillion yuan in 2022 (Xiao Yu & Xia Jiechang, 2023), or 5.81% annually. As illustrated in picture 4.2,

Figure 4. 2 Domestic GDP and growth rate

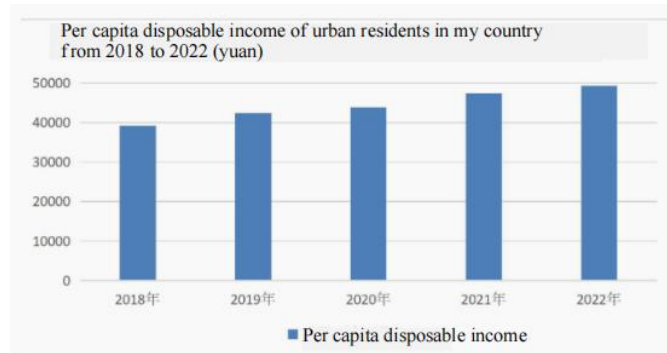


Source: National Bureau of Statistics of China(2022)

(2) Income and expenditure of urban residents

With the rapid growth of China's economy, the per capita disposable income of urban residents has been increasing year by year (Aburayya et al., 2020). According to the research data from Li et al. (2024), the per capita disposable income of urban residents in China reached 49,300 yuan in 2022, with a year-on-year increase of 4%. This growth trend has opened up a broader space for development for the catering industry, including the hot pot restaurant sector. Hot pot catering will open up a bigger industry because people's needs for food consumption are growing. As shown in the figure 4.3,

Figure 4. 3 Income and expenses of urban residents

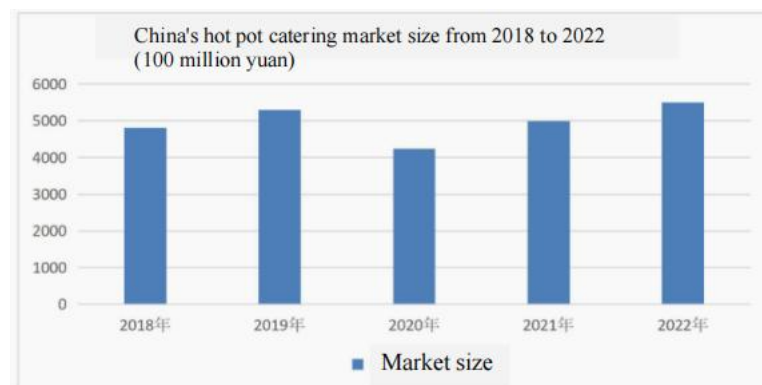


Source: National Bureau of Statistics of China(2022)

(3) China's hot pot catering market size

From 2018 to 2022, China's hot pot catering market size grew steadily. In 2020, due to the consequence of the COVID-19 pandemic, the marketplace size fell. The catering market was valued at 499.8 billion yuan in 2021, up 18% from the year before (Su, 2021). Overall, the catering industry, which was hit hardest by the pandemic, has recovered as a whole and is showing a steady growth trend. As shown in the figure 4.4,

Figure 4. 4 China's hot pot catering market size



Source: LIAO & Yang (2021)

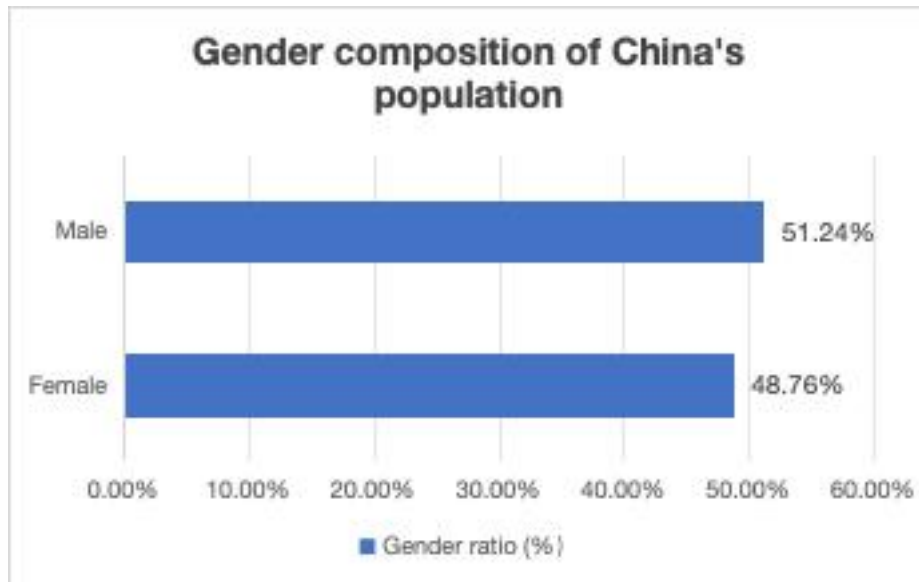
From an economic structure standpoint, the tertiary industry's proportion has progressively augmented, whereas the secondary industry has demonstrated a declining trajectory. Throughout this phase, both the per capita disposable income and consumption expenditure of residents have exhibited a consistent upward momentum. This translates into progressively elevated living standards, an accelerated urbanization process, and a substantial transformation in people's consumption ideologies and practices (Hui et al., 2021). The trend towards dining out has intensified, with an increasing frequency of meals consumed outside the home. Hot pot has emerged as a pivotal component of the mass catering sector, owing to its convenience, affordability, practicality, and abundant nutritional value.

4.2.2.3. Socio-Cultural Context

The so-called social environment on which enterprises depend for survival is the whole process of social development to a certain stage. It includes three aspects: economic environment, political environment and social and cultural environment (YAN, 2023; Jiang & Cao, 2024). The social and cultural environment is mainly composed of social ethics, lifestyle, cultural tradition, population factors, education, and the relationship between values and social structure. Among them, population factors, lifestyle, cultural tradition and values are important social and cultural components of enterprise operation and development (Ahaduzzaman, 2020).

From the perspective of population factors, the larger the population, the greater the demand for catering consumption. According to data, China's total population is currently 1.41178 billion, a 72.06 million increase over the statistics from the last census, and a 5.38% population growth rate (Hui et al., 2021). According to gender distribution, there are 723.34 million men in the world, or 51.24% of the entire population; there are 688.44 million women, or 48.76% of the total population. China's population gender structure has improved during the last ten years when considering population gender. As shown in Figure 4.5,

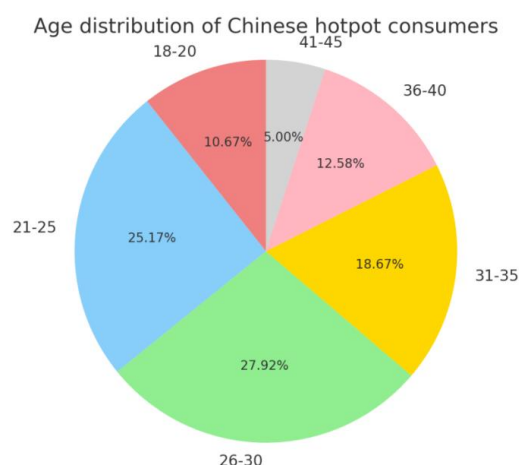
Figure 4. 5 Gender composition of China's population



Source: National Bureau of Statistics of China(2021)

From the perspective of age structure, the proportion of children in China has rebounded, and the degree of population ageing is also deepening (Aburayya et al., 2020). At the same time, with the acceleration of urbanization, the pace of migration of surplus rural labour to cities is also accelerating, resulting in a large number of migrant workers' children moving into cities to study and live. Over the past ten years, China's new urbanization process has been steadily advancing, and urbanization construction has achieved milestone results, with the proportion of the urban population as high as 63.89%(Li et al.,2024). This has a certain driving effect on China's catering industry. According to data surveys, the consumer group of hot pot catering in China is mainly concentrated in the age of 2130, indicating that the consumer group of hot pot catering is gradually becoming younger (Hui et al., 2021). As shown in Figure 4.6,

Figure 4. 6 Age distribution of Chinese hotpot consumers



Source: Hui et al. (2021)

4.2.2.4. Technological Context

With the comprehensive promotion of Internet information technology, the catering industry has expanded its market channels by using the Internet platform to promote products and conduct brand marketing. This has invisibly brought a broader development space to catering companies (Li et al., 2024). At present, more and more catering companies are transforming brand store sales into takeaway delivery sales models through online marketing (Zhang, 2024) and using new preservation technologies to ensure the safety and health of product ingredients (Ali & Anwar, 2021).

(1) New technologies lead to new business models

The Internet development concept has promoted the development of China's catering industry and provided sufficient impetus for the development of the catering industry. Catering companies need to use information technology to innovate and create new business models to attract more consumers, thereby increasing market share. At present, in order to expand their customer base offline, many catering companies have transformed and upgraded their physical store designs, designed innovative and attractive store environments, and enhanced consumers' visual experience; by adding dining scenes, consumers can feel the unique and friendly atmosphere in the dining space. At the same time, there are also innovations in tableware dishes, with creative tableware to improve customers' dining experience (Lina, 2022). Using advanced design concepts, many dishes are placed on an automated rotating conveyor belt for customers to pick up, which has been popular among

consumers in recent years. Under this circumstance, catering companies have gradually begun to focus on the online and offline omnichannel integration development strategy. Nowadays, takeaway has become the dining method for more young consumer groups. These young consumers order food through the Internet platform, realizing their wish to dine more efficiently, faster and without leaving home. At the same time, many catering companies also use online platforms to disseminate product information, which not only saves store product promotion costs but also attracts more consumer groups, creates accurate and efficient marketing models for chain catering.

(2) Internet platforms create development opportunities

With the continuous breakthroughs of intelligent technologies such as 5G and AI, the Internet of Everything has quietly appeared everywhere around us. While the process of informatization has changed people's lifestyles, it has also changed people's consumption habits and preferences. The popularity of smartphones and mobile payments allows people to receive various product information through mobile APP platforms with significant traffic (Varadarajan, 2020). Unlike previous portal websites and single offline marketing, mobile marketing methods make consumption more convenient and give consumers more choices (Ing et al., 2020). Many merchants publish instore business realities through social platforms to strengthen communication and interaction with customers, thereby enhancing customer stickiness.

4.2.2.5. Environmental Context

Environmental factors are becoming increasingly important in modern business operations, especially in the catering industry (Li et al., 2021). As global environmental problems intensify, consumers and companies are increasingly concerned about and responsible for environmental protection. For Huo Fengxiang Hotpot, the following is an analysis of relevant environmental factors in Xinghua area:

(1) Environmental protection regulations

The Chinese government has been progressively enforcing stricter environmental protection laws and regulations in recent years. The "Environmental Protection Law," "Solid Waste Pollution Prevention and Control Law," and "Air Pollution Prevention and Control Law" are just a few of the laws and regulations the nation has passed to safeguard the environment. The way that catering businesses operate has been significantly impacted by these laws and regulations. Huo Fengxiang Hotpot needs to abide by these regulations strictly (Ing et al., 2020), focus on reducing pollution emissions, energy conservation and emission reduction

during operations, and ensure that it does not violate the law in terms of environmental protection (Ali & Anwar, 2021).

(2) Sustainable development trends

Consumers are increasingly concerned about sustainable development, especially in terms of diet. More and more consumers hope that catering companies can use environmentally friendly materials, reduce food waste, and promote green diets. Huo Fengxiang Hotpot can respond to consumers' environmental protection needs by adopting sustainable procurement strategies (such as choosing organic and pollution-free ingredients), reducing the use of disposable plastic products, and promoting environmentally friendly tableware (Orres et al., 2020).

(3) Climate change

Climate change has a significant impact on agriculture and the food supply chain. Huo Fengxiang Hotpot needs to assess the potential impact of climate change on the supply of its main ingredients. For example, extreme weather may cause price fluctuations or supply shortages of raw materials such as vegetables and meat. In order to meet these challenges, Huo Fengxiang Hotpot should establish a diversified supply chain to ensure the stability and quality of its food supply (Isabell et al., 2020).

(4) Waste management

The catering industry generates a large amount of food waste and waste. How to efficiently deal with this waste is an important issue facing catering companies (Lina, 2022). Huo Fengxiang Hotpot can improve waste management and reduce negative impacts on the environment by implementing measures such as classified recycling, reducing food waste, and cooperating with local waste treatment companies.

(5) Environmental publicity and consumer education

Huo Fengxiang Hotpot can use its influence to convey environmental protection concepts to consumers through instore publicity and social media and educate consumers to reduce

waste and practice a green lifestyle. By actively participating in community environmental protection activities, the company can establish a responsible public image and enhance the brand's reputation and customer loyalty (Khurram et al., 2020).

In summary, the environmental factor analysis of Huo Fengxiang Hotpot in the Xinghua area shows that environmental protection and sustainable development are essential aspects affecting corporate operations. By actively responding to the requirements of environmental protection and implementing effective environmental protection measures, Huo Fengxiang Hotpot can not only meet the expectations of consumers but also stand out in the fierce market competition.

4.2.3. Sector Analysis

(1) Industry size and growth

Within the Chinese catering market, the hot pot catering sector holds a significant market share. Data show that the hot pot market has expanded gradually in the last several years (Ing et al., 2020). Despite market fluctuations in 2020 brought on by the COVID-19 pandemic, the hot pot catering industry rebounded quickly with the effective implementation of epidemic prevention and control measures and the economy's recovery. In 2021, the market size reached 499.8 billion yuan, an increase of 18% year over year. This growth trend is also significant in the Xinghua area, indicating colossal development potential for the hot pot market in the future (Varadarajan, 2020).

(2) Industry structure and characteristics

The hot pot catering industry is characterized by relatively low entry barriers and fierce market competition. Within the industry, there are both large chain brands such as Haidilao and Xiaolongkan, as well as many locally operated small hotpot restaurants. Huo Fengxiang Hotpot needs to find its differentiated advantages in this competitive environment and attract customers with unique tastes, high-quality service and innovative dining experience.

(3) Industry trends and innovations

With the improvement of consumers' living standards and changes in consumption concepts, the hot pot industry has shown the following major development trends. Consumers are paying more attention to health. Green, organic ingredients and low-fat and low-salt pot bases and dishes are highly favoured (Shi et al., 2023). With the help of the Internet and takeout platforms, hotpot catering has realized integrated services of online ordering and offline delivery. Enhance customers dining experience through digital technologies, such as intelligent ordering systems and personalized recommendations.

(4) Waste management

The catering industry generates a large amount of food waste and waste. How to efficiently deal with this waste is an important issue facing catering companies (Lina, 2022). Huo Fengxiang Hotpot can improve waste management and reduce negative impacts on the environment by implementing measures such as classified recycling, reducing food waste, and cooperating with local waste treatment companies.

(3) Regulations and policies

National and local governments continue to introduce policies to support the development of the catering industry (Dam & Dam, 2021), such as tax cuts and fee reductions and support for the digital transformation of catering companies. These policies provide a good external environment for the development of Huo Fengxiang hotpot. At the same time, food safety supervision is becoming increasingly strict, and catering companies must ensure food safety and quality to win the trust of customers.

4.2.4. Competitor Analysis

Table 4. 1 Competitor Analysis

Competitors	Description	Products	Skills	Management	Financial situation	Advantages	Disadvantages
Haidilao	As a nationally renowned hot pot chain brand, Haidilao has a large number of loyal customers across the country due to its high-quality service and unique marketing methods.	A variety of hot pot bases and side dishes emphasizing high quality and freshness.	High-quality service skills, including customer experience management and staff training.	Focus on customer service, pay attention to details and customer satisfaction.	The financial situation is solid, with a large number of loyal customers and high revenue.	High brand awareness Excellent service quality Strong innovation ability	Relatively high prices Less attractive to price-sensitive customers

Xiaolongkan	Featuring spicy hot pot, Xiaolongkan has opened many branches across the country and has a high reputation and good reputation in the market with its authentic Sichuan hot pot.	The main product is spicy hot pot, emphasizing the authentic Sichuan flavor.	Strong Sichuan cuisine cooking skills and seasoning making.	Standardized management system, but the rapid expansion speed leads to uneven management of some stores.	Fast expansion stage, financial situation is good but need to pay attention to longterm sustainability.	Authentic taste Large brand influence Good store environment	Too fast expansion Uneven service quality in some stores
	There are many independentl y operated hot pot restaurants in Xinghua, which attract many local customers with their regional characteristic s and affordable prices.	Hot pot dishes with local characteristics , affordable prices.	Close to local needs and flexible to market changes.	Small scale, flexible management but not standardized .	Financial situation is unstable and depends on local market demand.	Affordable prices Close to local market demand Flexible operation	Low brand awareness Limited marketing resources Inadequate management

Source: Author (2024)

4.2.5. Porter's Five Forces Analysis

4.2.5.1. Internal Competition in the Industry

The internal competition within the hot pot catering industry, where Huo Fengxiang Hotpot operates, is intense, reflected in several key aspects. The hot pot market is crowded with numerous competitors, including nationally recognized brands like Haidilao and Xiaolongkan, as well as local independent hot pot restaurants. National brands tend to have higher

visibility and market share, while local establishments benefit from flexibility and a deep understanding of regional preferences. First, in Product Differentiation and Competition Points Product differentiation in the hot pot sector is relatively low, with competition primarily focused on taste, service quality, and pricing (Wood, 2008). To improve its competitiveness, Huo Fengxiang Hotpot must innovate and offer a unique dining experience. Second, In terms of Price Competition, Price competition is a significant element of internal rivalry in the hot pot industry (Aburayya et al., 2020). Some brands engage in price wars to attract customers; however, this strategy can negatively impact profit margins (Li et al ., 2021). Huo Fengxiang Hotpot should steer clear of price wars by enhancing value through high-quality service and unique experiences (Varadarajan, 2020). Third, in terms of Customer Loyalty and Brand Image, Customer brand loyalty plays a crucial role in the hot pot catering sector. Established brands have garnered a loyal customer base through exceptional service and strong brand image. To enhance its competitive advantage, Huo Fengxiang Hotpot needs to focus on improving customer satisfaction and loyalty. Fourth, in terms of Current Loyalty Program, Huo Fengxiang Hotpot has implemented a loyalty program aimed at fostering brand loyalty and enhancing customer engagement. The program offers various benefits, including point accumulation for every purchase, exclusive discounts, and personalized promotions. Preliminary results indicate that the loyalty program has successfully attracted a segment of repeat customers, with an increase in the frequency of visits among members. This indicates that customers are responding positively to the incentives offered, which has helped improve overall customer satisfaction. Fifth, Innovation and Service Differentiation, Innovation and superior service are critical factors for differentiating Huo Fengxiang from its competitors (Li et al., 2024). Haidilao, for instance, stands out in the industry due to its exceptional service and innovative approach. Huo Fengxiang Hotpot can attract more customers by introducing new dishes, enhancing the dining environment, and providing personalized services. Precisely because, Brands like Haidilao and Xiaolongkan are effectively enhancing customer loyalty through strategies such as membership programs, personalized promotions, and VIP services. Therefore, To remain To be competitive, Huo Fengxiang Hotpot must continuously evolve its loyalty program and explore additional ways to engage and retain customers.

4.2.5.2. Threat of substitutes

In the context of diversified consumer consumption patterns, it is difficult for unchanging tastes and fixed dining models to gain the continued favour of consumers for a long time. Looking at the existing catering brands in the country, there are not many century-old stores. Brands that can be more than 10 years old are already in a leading position in the catering industry (Pels & Saren, 2006). Among them, many advanced cases provide us with experience that can be learned from. As a small branch of the hotpot industry in the catering

category, Zhuanzhuan Hotpot must also face the reality of competing with peers, competition from different regional cuisines and competition from other types of catering. Although some new products will be launched after some time, they will soon be replaced by competitors due to insufficient funds for research and development and market promotion (Birru et al., 2022). Therefore, the threat of substitutes is very high (Bowen & Chen, 2001). Several new models, such as self-heating hotpots, takeaway hotpots, and Internet celebrity food stores that emerge in the catering market all the time, may drown out Huo Fengxiang Hotpots in an instant.

In the current market, in addition to the fierce competition among hot pot catering companies, with the rapid influx of homecooked dishes, Western food, fast food, barbecue, snacks and other industries, the competition in these catering markets cannot be avoided (Evanschitzky et al., 2012). As people's living standards gradually improve, they are more and more curious about dishes with alternative flavours, and the limitations of dining are getting smaller and smaller, which makes consumer loyalty lower and lower. Therefore, the pressure of being replaced by Huo Fengxiang in switching to a small hot pot is becoming greater and greater.

4.2.5.3. Bargaining power of suppliers

The bargaining power of suppliers refers to the ability of suppliers to obtain high profits by raising product prices or reducing product quality when enterprises purchase raw materials. This ability determines the cost of purchasing raw materials, the quality control of production products, and the profitability of enterprises (Brown, D. T., Fee, C. E., & Thomas, S. E. 2009). At present, with the continuous increase in the number of consumers of Huo Fengxiang hot pot, the demand for ingredients, tableware, consumables and other materials in various stores is also increasing. Therefore, each store needs to expand the supplier chain, obtain ingredients and materials through different channels, and control the cost of raw materials and tableware so as to have the ability to negotiate with suppliers and reduce all costs of the store (Lina, 2022).

Huo Fengxiang Hotpot has strict regulations on the selection of raw materials. For example, beef, mutton, seasonal vegetables and other raw materials have their separate purchase channels. Since the price of meat ingredients and seasonal vegetables will fluctuate due to seasonal changes, many suppliers will have the initiative and bargaining power to control prices when facing a shortage of raw materials. For example, during the epidemic, due to the impact of various factors of the epidemic, suppliers have increased their attention to food safety and need to ensure the variety and quality of the supplied ingredients (Li et al., 2021). At this time, the bargaining power of suppliers is relatively strong, which will

lead to an increase in the cost of purchasing ingredients for catering companies during the epidemic and postepidemic period, and the corresponding operating profit will also decrease.

4.2.5.4. Bargaining power of consumers

Consumers expect to get cheap products with high-end services. The bargaining power of buyers is mainly to lower product prices and require merchants to provide high-quality products and services (Yli-Nissilä, 2020). In the increasingly competitive market environment, price is one of the most critical factors for the survival and development of enterprises. Suppose the procurement cost of raw materials of enterprises increases, and there is a backlog of goods. In that case, it will enhance the bargaining power of consumers and reduce the profits of enterprises (Varadarajan, 2020). In addition, the decline in the quality of enterprise products will also make consumers lose confidence in the enterprise and eventually lead to the bankruptcy of the enterprise (Aburayya et al., 2020). Therefore, in order to survive, enterprises must reduce the costs of certain links in the business process without damaging the quality of products.

Since its establishment, Huo Fengxiang Hotpot has always strived to build itself into a creative, well-reputed, and high-quality small hotpot brand. The target customers of Huo Fengxiang Hotpot are young, middle-income groups with stable incomes who are pursuing a fast life. Taking urban white collar workers as an example, this type of consumer group is not very sensitive to prices (YAN, 2023; Jiang & Cao, 2024). In addition to pursuing high-quality hotpot products, they also focus on the experience of hotpot restaurants, such as dining environment, product-related services, and peripheral product consumption. Secondly, the pricing of Huo Fengxiang Hotpot is at a medium-low level in hotpot catering, and consumers are more accepting of it. Therefore, for the franchise chain store model with unified pricing, such as Huo Fengxiang, consumers have low bargaining power.

4.2.5.5. Threat of potential entrants

The development of Huo Fengxiang Hotpot is booming, mainly due to its innovative dining model and ingenious and exquisite dining environment. However, hot pots have always belonged to the traditional catering industry. As its market technology has become increasingly mature, the entry threshold is low, the market barriers are high, the capital demand is small, and the industry profit is high; it has a strong temptation to potential entrants and is very easy to be imitated and copied in the short term (Marcos & Coelho, 2022). Therefore, there are always a large number of competitors in the hot pot market, and as the competition becomes more and more fierce, some competitors will gradually fade out

of this field. Other competitors will continue to increase their investment in this field, making the entire market competition more intense. In addition to the above reasons, the emergence of Zhuanzhuan Hot Pot has ample market space and low exit costs. At the same time, it has also invisibly increased people's concerns about other potential entrants.

In addition to the main competitors, some small individual catering companies that have just entered the hot pot catering industry have also put Huo Fengxiang Hot Pot under considerable pressure. First, low investment and low cost. The initial investment of these small catering companies is not too high, and the quality is not guaranteed, but they can attract many consumers to consume; secondly, although they are small in scale, they have characteristics which conform to the development trend of small stores and distinctive characteristics under the current new catering model; thirdly, small companies can transform quickly. When the novelty of consumers has worn off, merchants can rearrange their characteristics and change their products to stimulate customers' enthusiasm for a second visit (Li et al., 2024). Therefore, as far as a single catering store is concerned, it does not have much impact on Huo Fengxiang Hotpot. However, if more competitors join the local catering market, it will significantly affect the original customer base of Huo Fengxiang Hotpot. Huo Fengxiang Hotpot needs to continue to consolidate its market position by improving customer experience and enhancing customer loyalty while facing the dual challenges of major competitors and emerging small catering companies. At the same time, it is necessary to analyze competitors and gain an in-depth understanding of the market positioning, product features, and customer loyalty programs of major competitors in order to better assess the competitive pressure faced by Huo Fengxiang Hotpot. For example, analysis of major competitors:

Haidilao Hotpot: As the main competitor of Huo Fengxiang Hotpot, Haidilao is famous for its high-quality service and interactive dining experience. Their loyalty program "Haidilao Membership" includes point redemption, birthday discounts, and member-exclusive activities, which greatly enhances customer stickiness and loyalty. In addition, Haidilao has also adopted a refined personalized service strategy to maintain high customer satisfaction and repurchase rate through the attentive service of waiters and technological innovations (such as smart ordering, automated equipment, etc.).

Xiaolongkan Hotpot: Another competitor, Xiaolongkan Hotpot, focuses on traditional Chongqing flavors, pays attention to the decoration design and cultural atmosphere of the store, and attracts a large number of customers who like authentic Sichuan flavors. Xiaolongkan's loyalty program "Longkan Member" mainly accumulates member points through online platforms, and regularly launches member-exclusive discounts and limited-time promotions to increase customers' repeat consumption. Xiaolongkan also promotes its brand through social media and live broadcast platforms, further expanding its influence.

Banu Hotpot: Banu Hotpot stands out by "focusing on hotpot ingredients", with special emphasis on the freshness and quality of ingredients. It regularly provides members with exclusive menu discounts and personalized preferential services through the "Banu Member" program. Banu also expands brand awareness and customer loyalty through a combination of online and offline methods, especially leading in ingredient supply and menu innovation.

In addition to these major competitors, many small catering companies that have just entered the market also pose a threat to Huo Fengxiang Hotpot. These small catering companies are flexible, low-cost, and can quickly adapt to consumer needs and emerging catering trends. They attract a large number of consumers who pursue freshness through rapid product adjustments, unique decoration styles, and innovative marketing methods. Although these small individual catering companies cannot compete with large chain catering brands in terms of scale, their flexible business models and rapid transformation capabilities (Yli-Nissilä, 2020) enable them to have a certain impact on Huo Fengxiang's customer base in the short term. Especially in terms of customer loyalty, small companies often attract new customers through temporary promotions and discounts, which also diverts part of Huo Fengxiang's customer base.

At the same time, more competitors will flood into Huo Fengxiang's market in the future, whether large chain catering brands or emerging small companies, which will have a greater impact on Huo Fengxiang's market share and customer loyalty. Especially with the continuous changes in consumer dietary preferences and the widespread application of emerging technologies in the catering industry, Huo Fengxiang needs to continuously improve its products and services while enhancing the attractiveness of its loyalty program to ensure that it maintains a competitive advantage in the highly competitive market.

Table 4. 2 Threat of potential entrants

Direction	Competition intensity	Description
Intra-industry competition	High	There are many competitors in the hot pot market, including nationally renowned brands (such as Haidilao and Xiaolongkan) and local independent hot pot restaurants. Product differentiation is low, and price competition is fierce. Wellknown brands have won a large number of loyal customers through highquality services and brand image. Huo Fengxiang

			Hot Pot needs to enhance its competitive advantage by improving customer satisfaction and loyalty.
Threat of substitutes	Medium	<p>As a traditional dining option, hot pot faces the threat of substitution from other diversified dining formats, such as barbecue, buffet and fast food. The trend of healthy eating may affect some customers' choice of hot pot. Huo Fengxiang Hot Pot can respond to this threat by providing healthy dish options.</p>	
Bargaining power of suppliers	Low	<p>There are many raw material suppliers in the hot pot catering industry. Huo Fengxiang Hot Pot can reduce its dependence on a single supplier through multichannel procurement. Although raw material price fluctuations may affect the cost control of catering companies, establishing a good cooperative relationship with suppliers can ensure stable supply and reasonable prices.</p>	
Bargaining power of consumers	High	<p>Customers have a variety of choices in the hot pot catering market and have high bargaining power. Customers' wordofmouth and evaluation have an important influence on social media and Internet platforms. Huo Fengxiang Hot Pot should attach importance to customer feedback and improve services and products in a timely manner. Huo Fengxiang Hotpot needs to enhance customer stickiness by improving customer experience and providing valueformoney products.</p>	
Threat of potential entrants	Medium	<p>The entry barrier of the hotpot catering industry is relatively low, and it is easy for new entrants to enter the market. If new entrants have strong brands and capital support, they may quickly occupy market share. The popularity and customer loyalty of existing brands are also obstacles that new entrants need to</p>	

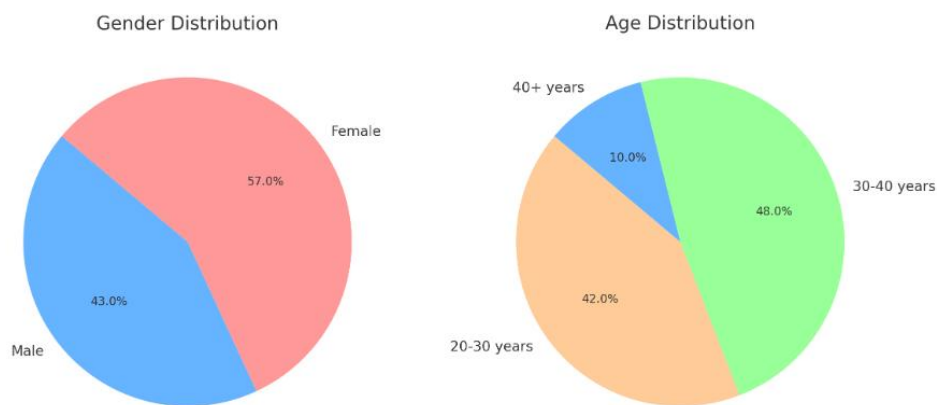
overcome.

Source: Author (2024)

4.2.6. Consumer Analysis

This survey mainly adopts the questionnaire survey method, and the questionnaire is designed according to the purpose of the survey and is conducted through online questionnaire distribution. The survey subjects are mainly residents of the Xinghua area. A total of 150 anonymous survey questionnaires were issued, 130 questionnaires were collected, and after deleting 30 invalid questionnaires, there were 100 valid questionnaires in the end, with a questionnaire efficiency of 76.9%, which is in line with the sampling principle. Among them, 43 boys and 57 girls accounted for about 2:3, with a more significant proportion of girls; 42% were aged 20-30, 48% were aged 30-40, and 10% were over 40 years old. As shown in Figure 4.7,

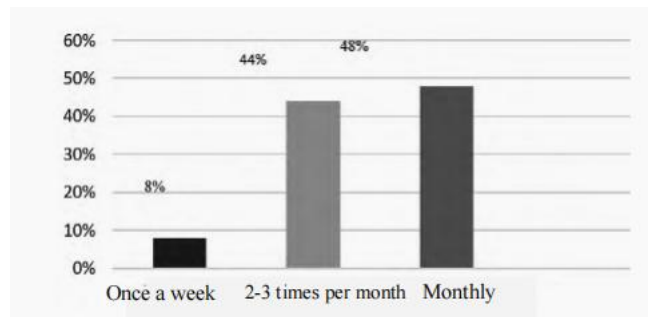
Figure 4. 7 Consumer Analysis



Source: Questionnaire to consumers (2024)

Preference for Huo Fengxiang Hotpot. As shown in Figure 18, 44% of people eat Huo Fengxiang Hotpot Two to three times a month, and 48% eat Huo Fengxiang Hotpot once a month, which means that most people eat hotpot but not very frequently. Finally, 8% eat Huo Fengxiang Hotpot once a week, which means that a small number of people have an aversion to hotpot. However, from the overall data, the number of people who like hotpots is relatively large.

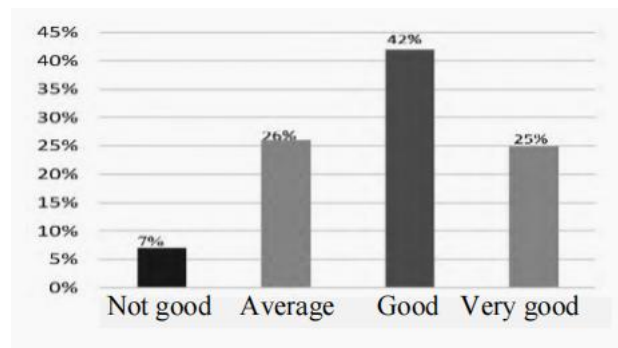
Figure 4. 8 Frequency of hotpot eating among customers in Xinghua area



Source: Questionnaire to consumers (2024)

Compared with other hot pot restaurants, such as the types of dishes, Huo Fengxiang is better than other hot pot restaurants, and 67% of them think that Huo Fengxiang's dishes are better than other hot pot restaurants, of which 42% think they are perfect, and 26% think Huo Fengxiang's dishes are average compared to other hot pot restaurants, and 7% think Huo Fengxiang dishes are not very good. This shows that Huo Fengxiang still has much room for improvement in dishes. As shown in Figure 4.9,

Figure 4. 9 Huo Fengxiang food preference survey



Source: Questionnaire to consumers (2024)

Membership: About 60% of customers are members of the loyalty program, which shows a certain degree of participation, but there are still 40% of customers who have not joined, and promotion may need to be strengthened. As shown in Figure 4.10,

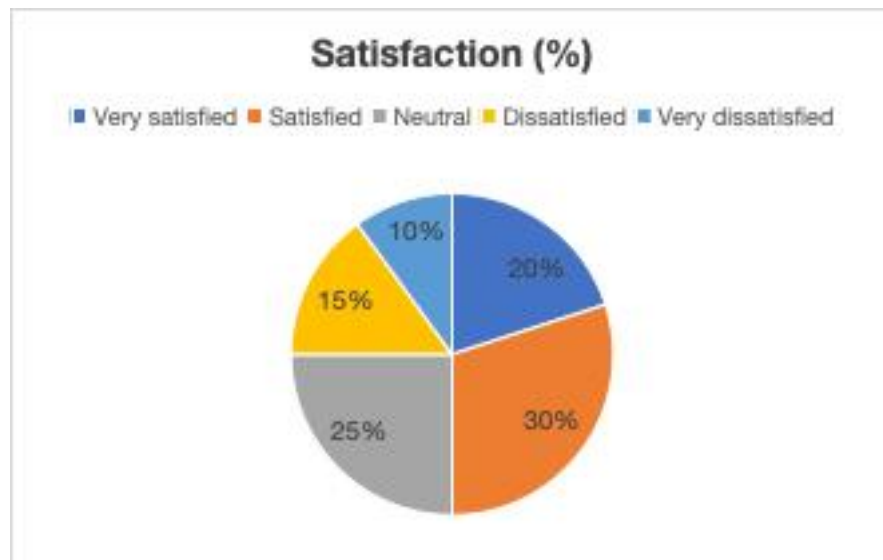
Figure 4. 10 Membership analysis



Source: Questionnaire to consumers (2024)

Satisfaction: 70% of members are satisfied or very satisfied with the benefits of the loyalty program, but 25% of customers are still neutral and 10% are dissatisfied. This shows that there is a need to further understand customer expectations, especially for those who are dissatisfied. As shown in Figure 4.11

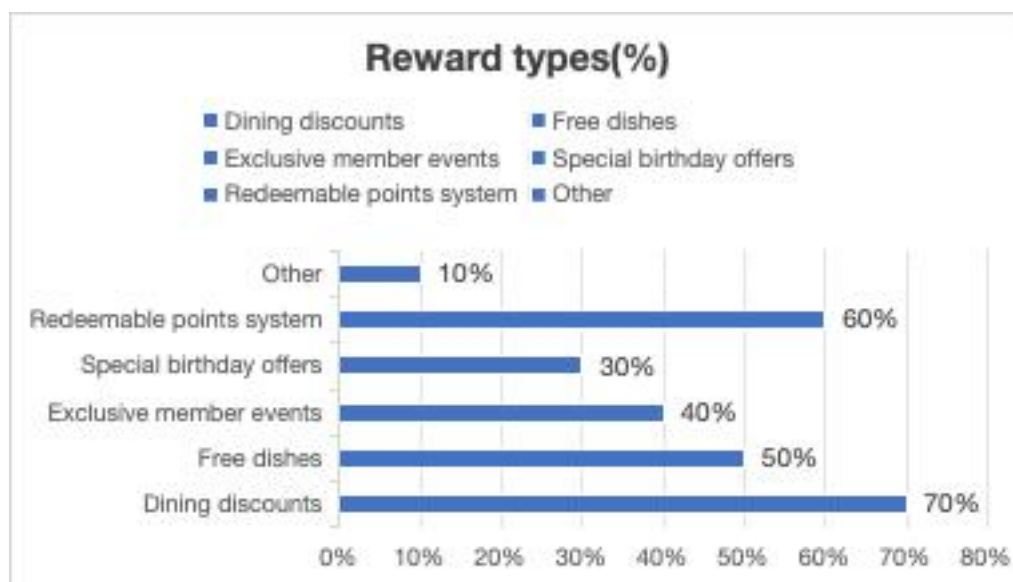
Figure 4. 11 Satisfaction analyze



Source: Questionnaire to consumers (2024)

Reward preferences: Discounts and redeemable points systems are the types of rewards customers most want to see. There is also significant demand for free menu items and exclusive events, information that can help restaurants improve their loyalty programs and increase their appeal. As shown in Figure 4.12

Figure 4. 12 Reward preferences analyze



Source: Questionnaire to consumers (2024)

Therefore, after analysis it is necessary to

Enhance publicity: Target the 40% of customers who have not joined, adopt effective publicity strategies and emphasize the benefits of the loyalty program.

Improve benefits: Analyze feedback from existing members, especially those who are dissatisfied, to improve the content of your loyalty program.

Diverse rewards: Consider adding options such as discounts, free dishes, and exclusive events to increase customer engagement and satisfaction.

4.3. Internal Situational Analysis

4.3.1. Characterization of the Huo Fengxiang

Huo Fengxiang's characteristics are reflected in the visual elements and aesthetics of the store, which are design (brand visual identity, interior design and atmosphere, appearance and storefront, hot pot products - dish display), marketing strategy, communication and advertising strategy (digital and social media influence, local advertising and public relations, community involvement and sponsorship, customer reviews and word of mouth).

First of all, the visual elements and aesthetic design, in terms of brand visual identity, Huo Fengxiang hot pot brand identity, is highly consistent with traditional Chinese aesthetics. In China, the phoenix symbolizes good luck, prosperity and passion, highlighting the flame, evoking the core elements of hot pot dining. This design highlights the brand's connection with Chinese culinary traditions and consolidates its unique position in the hot pot market. The logo is used consistently in all physical and digital touchpoints, including signage, menus and digital platforms such as social media and websites, creating a strong brand recognition. As shown in Figure 4.13

Figure 4. 13 Huo Fengxiang brand logo design



Source: Huo Fengxiang official website(2024)

Secondly, in terms of interior design and atmosphere, the interior design of Huo Fengxiang Hotpot Restaurant perfectly blends traditional Chinese elements with modern elegance. Wood and bamboo materials create a natural and warm environment, while intricate murals depicting Chinese cultural patterns add a layer of authenticity and visual interest. The lighting is soft and warm, creating a comfortable dining space, and the independent induction cooker on each table further enhances this atmosphere. This not only maximizes functionality, but also enhances the dining experience by allowing each guest to

control their own cooking process. Private rooms provide an upscale option for family gatherings or business dinners, with luxurious seating, custom decorations and more private space. As shown in Figure 4.14

Figure 4. 14 Inside the Huo Feng Xiang store



Source: Huo Fengxiang official website(2024)

Third, the exterior and storefront, the storefront design of the Huo Fengxiang hotpot restaurant stands out in high-traffic areas, with large, bright signage in the brands red and gold colors. Entrances often include floor-to-ceiling windows, allowing passersby to glimpse the vibrant and warm atmosphere inside the store. Each location is carefully selected for maximum visibility and foot traffic, strategically placed in downtown business districts, shopping malls, and high-density office areas. These locations also feature outdoor waiting areas to accommodate large numbers of customers during peak hours, thereby enhancing the overall customer experience. Figure 4.15

Figure 4. 15 Huo Fengxiang store exterior



Source: Huo Fengxiang official website(2024)

Fourth, hot pot products - dish display Here, the display of Huo Fengxiang hot pot dishes is a visual feast, reflecting the restaurant's focus on freshness and quality. The ingredients are carefully arranged, colorful and artistic, with seasonal vegetables, meat slices, seafood and noodles placed on exquisite plates. Various flavors such as Sichuan spicy or Hunan hot pot are intuitively presented through colorful soups - deep red for spicy and golden for mild. Special sauces are served in custom condiment trays to add a personalized touch to each guest's experience. As shown in Figure 4.16

Figure 4. 16 Huo Fengxiang dishes display



Source: Huo Fengxiang official website(2024)

However, in terms of marketing strategy, Huo Fengxiang does not target a diversified customer base, including families, young professionals, and food lovers of all ages. There is no clear strategic positioning of the restaurant, which only attracts a certain number of customers. There are currently no loyalty programs and promotions. In terms of communication and advertising strategies, Huo Fengxiang Hotpot does not focus on social media marketing to increase its brand awareness, especially on platforms such as WeChat, Douyin (TikTok), and Weibo. It simply invests in local advertising campaigns, such as billboards and radio ads.

4.3.2. Mission, vision and values

Mission - As a well-known hot pot brand in Xinghua City, we are always committed to providing customers with high-quality services and delicious hot pot dishes. Our mission is to let customers enjoy a unique hot pot food experience and let customers feel the warmth and comfort of home.

Vision - Our vision is to become the most popular hot pot brand in Xinghua City and bring continuous surprises and satisfaction to customers.

Values - In the process of achieving the goal of improving customer loyalty, we will always adhere to the following values: operate with integrity, provide high-quality ingredients and services, innovate and develop, continue to innovate, meet customer needs and taste preferences, be customer-centric, listen to customer suggestions and opinions, and continuously improve and improve our services.

4.4. SWOT Analysis

4.4.1 Strengths

- High brand awareness

Although Huo Fengxiang Hotpot started late, it has a high degree of popularity and brand influence due to celebrity endorsements. Huo Fengxiang Hotpot adheres to the spirit of inheritance and continuous innovation. It conforms to the trend of the hotpot consumption era, striving to build itself into a high-quality small hotpot brand with characteristics, a good reputation, and good credibility. In the few years since its establishment, franchisees have continued to come, providing strong support for the largescale development of Huo Fengxiang Hotpot (Aburayya et al., 2020). At present, Huo Fengxiang Hotpot has its own hotpot base production team and processing workshop. In order to ensure the quality of the base of each franchise store, it insists on making its products and keeping integrity and innovation.

- Excellent taste of the base

According to market research, many consumers' evaluation of Huo Fengxiang Hotpot is that "the base tastes better than other hotpots, and is not inferior to some well-known hotpot restaurants in China", which shows that Huo Fengxiang Hotpot has a unique advantage in taste. Since its establishment, Huo Fengxiang has always insisted on using high-quality raw materials to make hot pot bases. Each soup base is added with carefully boiled broth, and no bone broth powder is added to create a delicate taste, which has won the favour of many consumers.

- Beautiful dining environment

Huo Fengxiang Hot Pot adopts a modern decoration style, which is simple yet elegant. The spacious floor-to-ceiling doors and windows and the elegant and warm ceiling spotlights make the store's grade high-end and elegant (Varadarajan, 2020). The aggregation of

various factors has contributed to the fact that Huo Fengxiang Hot Pot is not open to the public and is sincerely welcomed by consumers.

- Superior geographical location

Whether it is a directly operated store or a franchise store, Huo Fengxiang Hot Pot is located on the first floor of a large commercial plaza in the city or on a commercial pedestrian street. The location is conspicuous, and it is an area where some young people and fashionable white-collar workers tend to gather after getting off work. Coupled with the fashionable and eye-catching store LOGO, passersby can quickly notice the location of Huo Fengxiang Hot Pot.

4.4.2. Weaknesses

- Celebrity dependence

Once relied on celebrity marketing, the celebrity effect is gradually weakening, and the brand image may be affected.

- Product homogeneity

Among the hot pot restaurants on the market, Huo Fengxiang's products are relatively lacking in differentiation and are easily replaced by other competitors.

- Imperfect franchise system

Based on the current operating conditions, Huo Fengxiang Hotpot headquarters is relatively lax in its process management of franchise stores. Due to the lack of relevant professional knowledge and experience of the headquarters' guidance staff, there is a lack of a set of standard management service processes. The presales training and guidance for franchisees are not in place, resulting in various problems in the early stages of franchise stores (Almutair et al., 2022), such as lack of food preservation technology and experience, inadequate service behavior of instore service staff, and insufficient connection between the back kitchen and the front hall. In addition, the headquarters lacks information tools and means in logistics distribution, inventory management and customer management, which makes it impossible for stores to collect data from all aspects, which ultimately causes a severe waste of resources and affects the healthy development of Huo Fengxiang Hotpot's franchise system.

Second, the longterm strategic planning of Huo Fengxiang Hotpots headquarters in terms of corporate products, brands, and markets has not formulated specific business planning and development goals and has an attitude of "taking one step at a time" towards the current franchise system, which will affect the longterm development of Huo Fengxiang Hotpot's franchise system.

- Single channel strategy

At present, Huo Fengxiang Hotpot's marketing strategy is single, relying more on word of mouth among customers, and lacks awareness of the publicity effect of Internet platforms. Traditional marketing and publicity activities have failed to keep up with consumer demand. Although some publicity and marketing activities are carried out on a daily basis, there is no noticeable effect due to the lack of professional guidance. At the same time, with the rise of major social platforms such as Douyin and Kuaishou, Huo Fengxiang Hotpot's application on social platforms is also not ideal. For example, when searching for Huo Fengxiang Hotpot on Douyin, the operating account has only one work, the number of fans is 52, and the number of likes is only 8. It can be seen that Huo Fengxiang has severe shortcomings and deficiencies in self-media publicity.

4.4.3. Opportunities

- New retail becomes a development highlight

In the current economic normal, new retail has gradually become the mainstream consumption trend, and the retail development speed of the catering industry is accelerating. The emergence of new retail has brought an essential path for the standardized development of the catering industry, which is conducive to catering companies to reduce costs (Lina, 2022), improving operational efficiency, enrich the variety of dishes, and meet consumers' fast and convenient consumption needs. At the same time, the realization of catering reduces the difficulty of catering companies, promotes food safety supervision, and plays an essential role in reducing food waste at the source.

- New media expands marketing channels

From Baidu's bidding ranking Sina's hot search topics to online celebrity live broadcasts and short video marketing, in this era where traffic is king, various emerging media have played their traffic advantages, expanded corporate marketing and communication methods, and continuously brought customer resources to companies.

- Online platforms expand customer traffic

The rapid development of e-commerce platforms such as JD.com, Taobao, Meituan, and Ele. Me has provided many consumers with online consumption scenarios, and merchants have also transitioned from traditional offline customer acquisition to online customer acquisition (Li et al., 2024). Today, when consumers rely extensively on online consumption, online customer acquisition channels have greatly expanded the source of consumers for businesses and reduced the cost of customer acquisition for enterprises.

4.4.4. Threats

- Lack of professional talents in the industry

Due to the shortage of talent, the entire catering industry is facing enormous challenges. The threshold of the catering industry is low, the overall level of service practitioners is low, and many catering companies lack professional and technical talents. This is also the reason why the overall salary of employees in the catering industry is low. Many catering companies are in a state of recruitment, training, loss, recruitment, and retraining all year round, entering a vicious cycle, and improving the quality of employees is also tricky. In addition, affected by the COVID-19 epidemic in recent years, many catering companies have been unable to reserve talent and have suffered severe personnel loss (Dong & Yan, 2024).

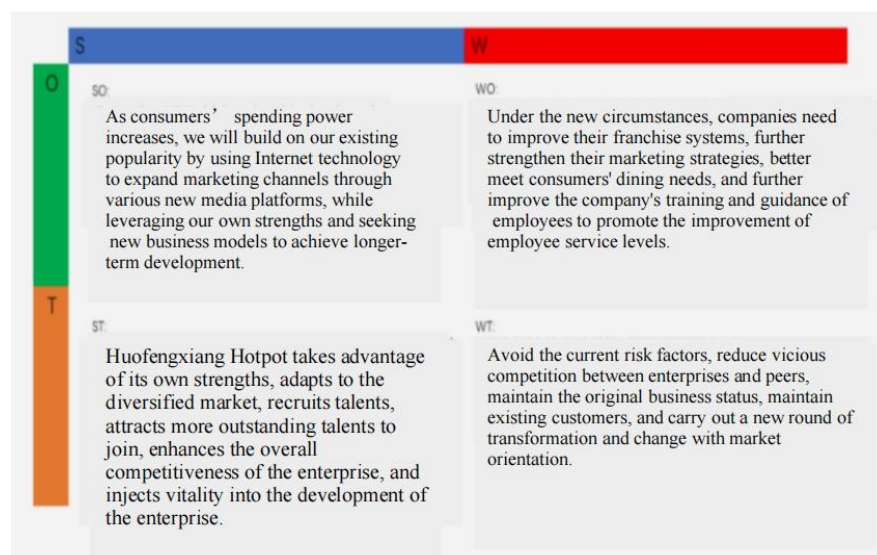
- Food supervision is becoming more stringent

As people's quality of life continues to improve, people have gradually become concerned about food safety issues. The government has subsequently introduced corresponding laws and regulations on food safety to effectively curb various food safety issues (Lina, 2022). Once a catering company has a food safety problem, it will have severe consequences for the company. If it is not handled correctly, it will essentially go bankrupt (Varadarajan, 2020).

4.4.5. SWOT Matrix Analysis

After analyzing the strengths, weaknesses, opportunities and threats of Huo Fengxiang Hotpot, a corresponding SWOT matrix was constructed for the four elements, and combined analysis was conducted, thus forming the strategic directions corresponding to SO, WO, ST and WT, as shown in figure 4.17,

Figure 4. 17 SWOT Matrix Analysis



Source: Author (2024)

In summary, through the SWOT matrix analysis, it can be seen that Huo Fengxiang Hotpot has both opportunities and challenges in its current development process. At the same time, the company has also encountered many problems in operation, such as an imperfect franchise system, a single marketing strategy, uneven service levels, and a lack of professional talents. The company should adopt the SO growth strategy (Li et al., 2024), with its high-quality food taste as a prerequisite, accurately position the target market in the Xinghua area, and effectively analyze the business model, use Internet technology, expand marketing channels through various new media platforms, improve marketing strategies, and continuously enhance its advantages, so as to better solve various problems in the operation process, thereby promoting the improvement of the company's operating performance and accelerating the pace of the company's development.

4.5. Loyalty Management Plan Objectives

Huo Fengxiang Hotpot has attracted a large number of loyal customers with its high-quality products and services. To further improve customer loyalty, we have developed a comprehensive promotion plan, the main goal of which is to increase customer repurchase rate and word-of-mouth communication while attracting more new customers.

We will strengthen interaction with customers, establish a complete membership system, launch preferential activities and gift feedback mechanisms, and enhance customer participation. We will increase online and offline marketing efforts, as well as the popularity and reputation of the hotpot brand, through channels such as social media, websites, and offline publicity. We also plan to carry out a series of theme activities, including holiday promotions, special theme releases, and cooperation with well-known food bloggers, to attract more people to pay attention to and experience Huo Fengxiang Hotpot. At the same time, we will strengthen employee service awareness training, improve service levels, and allow customers to enjoy a better dining experience.

At the same time, in response to the first point in the consumer survey results, 40% of customers are not members of the loyalty program. Develop Targeted Marketing for Non-Members, Implement targeted marketing strategies to convert these non-members. Specifically, by focusing on strategic location planning, improving restaurant environment, and improving customer experience, these efforts can directly influence non-members to join loyalty programs. 1) improve location selection strategy, the goal is to expand store visibility, ensure that restaurants are located in high-traffic areas, such as shopping malls, commercial areas, or near public transportation hubs, which are convenient for non-members to visit. At the same time, in local area marketing, tailor marketing efforts according to the specific location of the store. For example, urban locations may focus on convenience and fast service, while suburban locations can emphasize family-friendly dining environments. Create

temporary pop-up restaurants or kiosks in underserved areas to increase brand awareness and attract traffic to permanent locations. 2) Enhance restaurant design and atmosphere, in terms of comfort and accessibility, ensure that the restaurant layout is spacious, comfortable and easily accessible to all customers. Comfortable seating, well-designed dining space, and pleasant atmosphere can improve customer satisfaction and increase the number of loyalty program registrations. Introduce features such as self-service kiosks, mobile ordering and payment options. These upgrades can simplify the customer experience and provide opportunities to promote loyalty programs. Focus on improving aesthetics and atmosphere, regularly update the restaurant's decoration and keep it clean to enhance the dining experience. Modern, inviting spaces can increase the likelihood of repeat visits and conversions to loyalty programs. 3) Leverage location-based promotions Use location-based marketing through apps or social media to send promotional messages to customers near your restaurant, offering special offers to entice them to visit and join the loyalty program. Organize local community events or loyalty program sign-up events at specific restaurant locations. These events can offer free meals or first-time purchase discounts to customers who join the program. Second point, 70% of members express satisfaction with the loyalty program, while 10% are dissatisfied. Enhanced Member Benefits are required, Collect feedback from dissatisfied members through surveys or focus groups to understand their concerns better. Consider the following enhancements. Meanwhile, Tiered Membership Levels, Introduce different membership tiers that offer escalating rewards based on customer spending or frequency of visits, which can increase engagement among regular customers. There are also Special Offers for Feedback, Provide incentives (e.g., discounts or redeemable points) for members who participate in feedback sessions to gain insights into improving the loyalty program. The third point, 25% of members remain neutral about the loyalty program. Need to develop, Satisfaction and Engagement Monitoring, Regularly monitor customer satisfaction through periodic surveys and engagement metrics. For example, Send out quarterly surveys to members to gauge their satisfaction and identify areas for improvement. Analyze participation rates in loyalty programs and special events to assess effectiveness.

To further enhance customer loyalty, this research has developed a comprehensive promotional plan with the following specific objectives:

1. Increase Repeat Purchase Rate by 15% within 6 Months:

Specific: Target a 15% increase in repeat purchases from existing customers.

Measurable: Track repeat purchases using the CRM system.

Achievable: Implement a loyalty program that rewards customers for frequent visits.

Relevant: Enhances customer loyalty by encouraging repeat visits.

Timebound: Achieve this goal within six months.

2. Boost Customer Engagement by 20% through Membership Program within 3 Months:

Specific: Increase customer engagement by 20% by launching a membership system.

Measurable: Measure engagement through the number of new memberships and participation in loyalty activities.

Achievable: Introduce exclusive discounts, personalized offers, and a point-based reward system.

Relevant: Higher engagement will foster loyalty and longterm relationships.

Timebound: Launch and achieve this engagement increase within three months.

3. Enhance Brand Awareness by 30% over the Next 12 Months:

Specific: Increase brand awareness by 30% through online and offline marketing efforts.

Measurable: Use social media metrics, website traffic, and survey results to gauge awareness.

Achievable: Expand digital marketing efforts, collaborate with food bloggers, and organize themed events.

Relevant: Increased brand awareness will attract new customers and retain existing ones.

Time bound: Attain this goal within the next 12 months.

4. Improve Customer Satisfaction Scores by 10% within 6 Months:

Specific: Enhance customer satisfaction by improving service quality.

Measurable: Monitor satisfaction through customer feedback and service ratings.

Achievable: Provide staff training focused on customer service and hospitality.

Relevant: Higher satisfaction directly correlates with increased loyalty.

Time bound: Achieve this improvement within six months.

5. Launch Themed Events and Promotions to Increase New Customer Footfall by 25% in 4 Months:

Specific: Attract 25% more new customers by organizing themed events and promotions.

Measurable: Track the increase in new customer visits through entry surveys and sales data.

Achievable: Partner with food influencers and create engaging, themed dining experiences.

Relevant: Drawing in new customers is essential for expanding the customer base.

Time bound: Launch and measure the impact within four months.

4.6. Segmentation, Targeting and Positioning

4.6.1. Segmentation

Table 4. 3 Market segmentation criteria

Market segmentation criteria	Specific segmentation content	Targeted strategies and methods
Geographic location	City centre area, suburbs and residential areas, rural and surrounding areas	Provide fast and efficient service; Offer family packages or group discounts; Emphasize local characteristics and farm flavours.
Consumer characteristics	Age and family status, income level and consumption habits	Provide children's tableware and family packages for family consumers; Formulate different pricing strategies and package options according to income levels.
Consumer behavior	Loyal customers, new customers and potential customers	Implement a membership system or point system to reward loyal customers; Offer discounts and welcome packages to attract new customers to become repeat customers.

Consumer preferences	Taste preferences, service and dining environment preferences	Provide personalized service and adjust the spiciness level of dishes according to customer tastes; Improve service quality and dining environment experience.
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Source: Author (2024)

4.6.2. Targeting

Based on market segmentation, Huo Fengxiang Hotpot selects the following target markets for key marketing:

Table 4. 4 Target market

Target market	Description	Demand	Marketing strategies
Family consumer groups	Looking for hot pot sets suitable for the whole family, focusing on fresh ingredients and comfortable environment.	Family package discounts, children's tableware, parentchild activities.	Offer family meal packages to attract family customers. Provide children's tableware and colorful dishes. Set up a children's play area or family dining area.
Young professionals	Busy at work, looking for quick and convenient dining options, focusing on food quality and service efficiency.	Quiet dining options, fresh ingredients, fast service.	Offer quick lunch packages or takeaway services. Emphasize the freshness of ingredients and the

			efficiency of service. Provide online reservation and takeaway platforms.
Older customers	Focus on a quiet and comfortable dining environment, healthy and light food choices.	Quiet dining environment, low salt and low oil dishes.	Provide a quiet and comfortable dining environment and service. Provide healthy dishes with low salt and low oil content. Pay attention to the healthy dietary needs of elderly customers.
Groups and social gatherings	Looking for a place suitable for large groups of people to dine together, requiring a spacious and comfortable dining environment and group discounts.	Group packages, private room services, group booking discounts.	Provide group meal packages and private room services. Provide group reservation discounts and private party rooms. Set up banquet services or event planning support.

Source: Author (2024)

Among them, the primary target market is family consumer groups. The family consumer group is very consistent with Huo Fengxiang's emphasis on tradition and collective dining experience, which are the core elements of hot pot culture. Families are likely to become repeat customers, especially when they find a warm environment that is suitable for both adults and children. There is a growing demand for family-oriented dining options that can provide healthy and fresh ingredients in a comfortable environment. Therefore, launch discounted family packages that meet the needs of adults and children. Provide children's

tableware, colourful tableware, and dedicated children's play areas or family dining areas. Organize special activities that encourage family participation to enhance the overall dining experience.

4.6.3. Positioning

Positioning statement:

"Huo Fengxiang Hotpot aims to become the first choice for hotpot dining in Xinghua, combining traditional flavors with modern services, providing a high-quality dining experience and a unique social venue."

Target audience:

Leading group: Local family residents

Demographic characteristics: A wide age range, focusing on young people and families seeking a high-quality dining experience, paying attention to food safety and a clean environment (Zhao, L., & Li, Q, 2023)

What makes Huo Fengxiang Hotpot different:

a. Authentic flavours with a modern style: Huo Fengxiang combines traditional hotpot flavours with a modern dining experience. The restaurant provides a comfortable and modern dining environment and efficient service while retaining classic flavours.

b. Commitment to quality and safety: We prioritize the use of fresh, high-quality ingredients and maintain strict hygiene standards during food preparation to ensure the health and satisfaction of our customers. This focus on quality not only enhances the dining experience but also builds trust with customers.

c. Social gathering place: Huo Fengxiang is not just a place to eat but also a centre for social interaction. Whether it is a gathering with friends or a family dinner, the restaurant provides a warm and comfortable atmosphere to enhance the social dining experience.

d. Cultural connection: Huo Fengxiang respects and incorporates the unique cultural elements and eating habits of the Xinghua region. By building strong connections with the local community, we create a dining experience that is both familiar and special.

e. Exclusive member benefits: Our loyalty program provides regular customers with the opportunity to accumulate points and enjoy special rewards, such as birthday gifts and exclusive member events. This system not only encourages repeat visits but also deepens customer loyalty.

f. Innovative promotions: Regular special events and promotions, such as holiday discounts and seasonal menu releases, help attract new customers while keeping our loyal customers engaged and excited to visit again.

4.7. 7P Marketing-Mix

4.7.1. Product

The premise of creating exquisite dishes is to control the quality of ingredients. As people increasingly pursue quality of life, food safety and quality issues have gradually attracted people's attention. For catering companies, the quality of dishes determines the survival and development of the company. Huo Fengxiang Hotpot must strictly control the quality of ingredients at the source, pay attention to food hygiene and safety during the production process, and provide consumers with clean, safe and satisfactory dishes. In view of the excellent feedback from customers who dine at Huo Fengxiang Hotpot, it is recommended that the company establish its own hot pot base production line, use advanced equipment and production lines, and expand the production of hot pot base (Aburayya et al., 2020). In the menu update of Huo Fengxiang Hotpot, we will highlight the adjustment of the restaurant's offer to better adapt to market demand and customer expectations. First, we will introduce the theme of healthy hotpot, launch a series of homemade base materials, and provide a variety of flavors of base materials (such as spicy, tomato, mushroom and medicinal diet) to attract customers at more reasonable prices. In addition, we will launch a single-person hotpot set meal designed for busy young people and office workers to ensure that the set meal is cost-effective and easy to consume. We will also add vegetarian hotpot options to meet the needs of vegetarians and healthy eaters while maintaining price competitiveness (Varadarajan, 2020). In order to reduce the consumption burden of customers, we will launch limited-time discount dishes combined with seasonal fresh ingredients and design basic side dish combinations (such as tofu, mushrooms, green vegetables, etc.) to meet customer needs in a more cost-effective way. In addition, we will use environmentally friendly and personalized packaging to provide a convenient ready-to-eat solution for hotpot base materials to enhance the overall consumption experience. Finally, we will promote through social media, short video platforms and e-commerce platforms to ensure that customers can learn about our offers and new products. Through these price adjustments and menu improvements, Huo Fengxiang Hotpot will further enhance customer loyalty, enhance brand image and market competitiveness.

4.7.2. Price

When pricing products, the company's profit goals and the customer's spending power must be combined. Both are indispensable. In order to achieve a flexible pricing strategy, Huo Fengxiang Hotpot can adopt differentiated pricing methods among cities at different levels. At present, the various Huo Fengxiang Hotpot stores are basically distributed in the provincial

capitals and prefecture-level cities in the northwest region. Due to the different economic and consumption environments between regions, the consumer spending power is also different (Zhong & Moon, 2020). Therefore, Huo Fengxiang can set different prices according to the per capita disposable income gap between residents in each region. For example, taking the price of the provincial capital city as the standard, the pricing of the prefecture-level city should be slightly lower than that of the provincial capital city, and the pricing of the county-level city should be slightly lower than that of the prefecture-level city, and so on. After differentiated pricing according to different regions, the company must also flexibly adjust the price of dishes according to seasonality and the current market supply and demand relationship. For example, a series of dishes are launched during holidays. The price of dishes that are in excess of demand in the current market can be appropriately reduced. When there are dishes that are in short supply in the market, the price will not be easily raised while retaining the original quality of the dishes, thereby cultivating more customer trust. When "low-priced and affordable Huo Fengxiang hotpot" becomes the common perception of Huo Fengxiang among consumers, consumers will not only choose to consume Huo Fengxiang hotpot because of its excellent soup base taste but also choose to repurchase because of its affordable pricing. This chain of links will gradually increase consumers' brand loyalty to Huo Fengxiang hotpot. It should be noted that the positioning of "high-quality dining experience" seems to conflict with the positioning of "low-priced and affordable hot pot", but with careful management, these two concepts can actually coexist harmoniously. Huo Fengxiang Hot Pot can balance these two elements by focusing on value rather than price. "Low-priced and affordable" does not necessarily mean cutting corners on quality, but is reflected in operational efficiency, intelligent ingredient procurement, and regional pricing strategies, aiming to make the dining experience accessible without compromising the overall customer experience. For example: By tailoring prices according to the economic conditions of different cities, Huo Fengxiang can ensure that its pricing is considered affordable based on local spending power. This does not mean lowering the quality of the dining experience. Instead, it ensures that prices reflect the reasonable level of the local market, allowing consumers to enjoy a high-quality dining experience at a price they consider fair. By maintaining high operational efficiency and focusing on customer value, Huo Fengxiang Hot Pot can position itself as a high-quality and affordable dining option that appeals to a wide range of consumers in different regions.

4.7.3. Place

Huo Fengxiang Hotpot Restaurant has always paid great attention to site selection, and usually chooses to open stores in large shopping malls with large traffic and convenient

transportation. This kind of site selection strategy not only facilitates customers' dining, but also improves the popularity and image of the brand. Furthermore, each Huo Fengxiang location should serve as a focal point for offline marketing activities. This can include hosting local events, participating in community festivals, and collaborating with nearby businesses for cross-promotions. By organizing activities that resonate with the local audience, the restaurant can strengthen its community ties and improve brand visibility. To enhance convenience for consumers, Huo Fengxiang should implement a pre-order system via social media channels, allowing customers to place orders ahead of time. This not only streamlines the ordering process but also captures consumer data to tailor marketing efforts further. By strategically using both online platforms and localized marketing initiatives, Huo Fengxiang can effectively increase brand awareness and customer loyalty.

4.7.4. Loyalty promotion strategy

Some people's needs will be fully stimulated in specific scenarios. Finding the right scene means finding marketing opportunities. Therefore, Huo Fengxiang Hotpot needs to open up new media consumption channels, so that consumers can place orders in advance through new media platforms. At the same time, Huo Fengxiang Hotpot should take each store as a radiation point and offline marketing channel, gradually increase the marketing radius of the store (Ali&Anwar, 2021), carry out various marketing promotions around the store, and comprehensively improve the brand awareness and influence of the store (TAI, etc., 2021). the basis for the loyalty program management will be the "Huo Fengxiang Hotpot App" so that you can track and manage the loyalty schemes, while communicating in an individual basis with the consumers. Huo Fengxiang Hotpot implements a sincere promotion strategy to stabilize old customers and attract new customers. The graded membership system, personalized communication, event promotion and interactive marketing strategies enhance customers' sense of belonging and excitement, improve loyalty, and lay the foundation for the long-term prosperity of the brand.

(1) Membership level, the goal is to build customer engagement by providing a tiered loyalty system that rewards frequent visits and consumption.

Action:

Launch a three-level membership system: basic membership, silver membership and gold membership. Members upgrade levels based on their consumption and visit frequency.

Each level offers increasing benefits, such as exclusive menus, priority reservations, free desserts or appetizers and birthday month discounts.

Regular promotions for silver and gold members, such as "double points week", encourage repeat visits.

Achievement plan: Cultivate loyalty through personalized rewards and exclusive experiences, and increase customer retention by 20% in six months.

(2) Gamify the loyalty program, the goal is to encourage participation and repeat visits by making the loyalty program interactive and fun.

Take Action:

Introduce a gamification system where members earn badges when they achieve milestones (e.g., “visited 10 times,” “spent more than 500 yuan”) .

Offer small, tangible rewards (e.g., free drinks, 5% discounts) when milestones are reached to make the program attractive and rewarding to customers.

Gamified challenges, such as the “spicy hot pot challenge,” can provide participants with extra points or free dishes.

Achieve Program: Drive repeat purchases by 10% and increase social media shares by 15% through interactive engagement.

(3) Loyalty-based referral program with the goal of attracting new customers while rewarding loyal members for bringing in new business.

Take Action:

Members can earn points for every new customer they refer. The referrer will receive 10% off their next meal, and the referred customer will receive 5% off their first order.

Encourage referrals by offering bonus points during promotional periods (e.g., “refer friends during the Lunar New Year to earn double points”) .

Offer exclusive gifts or discounts to members who refer a large number of new customers to promote word-of-mouth marketing.

Achievement plan: Increase new customer acquisition rate by 15% while improving member satisfaction and engagement.

(4) Personalized customer communication, with the goal of tailoring communications to individual customers to enhance their sense of importance and connection to the brand.

Action:

Leverage the membership system to send personalized offers and promotions via WeChat or SMS based on past orders, preferences, and dining frequency.

Implement birthday month promotions to allow customers to receive personalized discounts and free desserts on special days.

Send special VIP offers to give members early access to exclusive holiday menus or offers.

Achievement plan: Achieve a 25% increase in return visits and customer satisfaction by providing personalized, thoughtful interactions.

(5) Seasonal and event-based promotions, with the goal of using themed promotions and events to maintain excitement and customer interest throughout the year.

Action:

Organize seasonal events, such as the "Spicy Hot Pot Winter Festival", offering limited edition hot pots with seasonal ingredients and unique flavors to create a buzz.

Create holiday-specific promotions, such as Valentine's Day "Couple Menu", Lunar New Year celebration offers, and Mid-Autumn Festival family hot pot packages.

Encourage customers to celebrate anniversaries or birthdays with special packages, including decorations, desserts, and personalized service.

Achievement plan: Increase foot traffic by 30% during holiday and seasonal promotions to attract regular customers and first-time customers.

(6) VIP member-only preview nights, the goal is to make customers feel valued and appreciated by providing member-only experiences.

Action:

Host VIP preview events for new menus or seasonal products, where members can taste dishes before they are available to the public.

Provide behind-the-scenes experiences, such as cooking demonstrations by chefs, and provide special discounts for participants.

Create exclusive dining nights for gold members, with personalized menus and special guest chefs to create an exclusive atmosphere.

Achievement plan: Retain 40% of high-spending customers by creating memorable and exclusive experiences to enhance their loyalty.

(7) Interactive customer feedback mechanism, the goal is to continuously improve customer experience and loyalty by listening to customer feedback and taking action.

Action:

Implement a system where customers can get real-time feedback through QR codes on the table or electronic receipts.

Provide points or small rewards to customers who complete feedback surveys to encourage participation.

Analyze feedback regularly to adjust menus, service processes, or promotions to show customers that their opinions are valued and taken on board.

Achievement plan: Increase customer satisfaction by 15% within six months and increase repeat business by showing customers that their opinions directly affect the dining experience.

Focus on communication and loyalty management:

(1) Media channels

Meituan: Increase investment in promotions such as limited-time discounts and set meals. Launch promotions during peak times (such as weekends and holidays) to maximize exposure.

Dianping: Strengthen engagement through regular user engagement activities (such as review incentives). Focus on timely promotions, especially during local festivals or events.

Douyin and Xiaohongshu: Use short videos and visual content to promote special dishes and events. Encourage users to share their experiences by providing discount coupons to encourage user-generated content.

(2) weekly schedule

In the first week, we will improve Huo Fengxiang's online presence on various platforms including Meituan, Dianping, Ele.me, and WeChat. This includes identifying different packages suitable for single diners, couples and families, and creating promotional materials such as eye-catching posters and digital ads.

In the second week, we will launch online limited-time package promotions, inviting influencers and bloggers to the store to create engaging content to promote these products. In addition, we will strengthen WeChat fan interaction and establish an automatic reply mechanism for official accounts to ensure that customers are informed of promotions in a timely manner.

In the third week, we will launch a points and membership system to reward points for first-time customers and provide cash back rewards in comments to encourage users to share their experiences. We will actively promote this system through various channels to increase user engagement.

In the fourth week, we will release a promotional video focusing on the Huo Fengxiang brand. This video will be shared on Douyin and Xiaohongshu to attract a younger audience. During this period, we will continue to promote our products through a combination of online and offline methods, analyze feedback data from various platforms, and make necessary adjustments and improvements to our strategies.

(3) Key communication messages

Promotional messages: Emphasize value for money, such as "Double package only 99 yuan, quantity is limited" or "First order discount of 20 yuan".

Brand story: Share Huo Fengxiang's heritage, food quality and unique products through engaging videos and articles to attract new customers and retain old ones.

(4) Loyalty promotion strategy

Membership system: Launch a membership program that offers exclusive discounts, points accumulation for future rewards, and birthday month specials.

Theme promotions: Organize activities such as "spicy challenge" or "couple exclusive package" in conjunction with festivals and anniversaries to attract different customer groups.

Flash sales: Implement daily flash sales during specific time periods to create a sense of urgency, combined with weekend specials and group purchase discounts to encourage large orders.

Through these targeted actions and communications, Huo Fengxiang Hot Pot will effectively adapt to the Internet + catering trend, improve user experience and customer satisfaction, and ultimately cultivate long-term brand loyalty.

4.7.5. People Strategy

Employee training and development is required; for example, all employees should receive rigorous training that focuses on providing excellent customer service and emphasizes attentiveness, enthusiasm, and efficiency. Implementing ongoing training programs to keep employees up to date on service techniques, food safety standards and customer interaction techniques. Fostering a positive work environment where employees feel valued and motivated will lead to better service and higher job satisfaction, which, in turn, enhances the customer experience.

4.7.6. Physical evidence

Blend traditional Chinese elements with modern decor to create a warm and inviting atmosphere that reflects Xinghua's cultural heritage. Maintain a spotless environment, paying particular attention to visibility in dining areas, restrooms and kitchens, and reinforce the restaurants commitment to food safety and cleanliness. Use consistent branding across all touch points, including menus, signage, staff uniforms and digital platforms, ensuring the brand identity is easily recognizable. Design a straightforward, visually appealing menu that reflects the brands traditional-meets-modern positioning, using high-quality imagery and descriptions to attract customers. Offer a variety of seating options, including family-friendly areas, private dining rooms and group social spaces, all designed with comfort and convenience in mind. Ensure the restaurant is accessible to all patrons, including those with disabilities, by providing easy access, clear signage and convenient amenities.

4.7.7. Service Process

Streamline the reception and seating process with trained hosts who guide guests to their preferred seating areas, minimizing wait times and ensuring a smooth start to the dining experience. Implement a digital ordering system that enables fast and accurate order processing, with real-time updates for guests and kitchen staff, reducing errors and improving service speed. Ensure food is served at the ideal temperature and in a timely manner, with staff checking in regularly to address any needs or concerns guests may have throughout the meal.

4.8. Implementation

4.8.1. Schedule

Timeline of key activities and milestones for the 2024-2026 marketing plan.

Table 4. 5 Marketing plan

Phases	Dates	Main tasks	Key Milestones
Project launch	August 1, 2024	Determine the project team and leadership structure	Identify project manager and team members
Market analysis phase	August 1, 2024 August 15, 2024	Develop a detailed marketing plan and budget	Complete marketing plan and budget
Strategy formulation phase	August 16, 2024 September 15, 2024	Conduct market research and consumer analysis	Complete market research report
Execution and promotion phase	September 16, 2024 December 31, 2024	Develop marketing strategies and implementation plans	Complete marketing strategy and implementation plan
Monitoring and evaluation phase	January 1, 2025 June 30, 2025	Implement marketing activities	Achieve predetermined market share and sales targets
Adjustment and improvement phase	July 1, 2025 December 31, 2025	Monitor market response and sales data	Complete midterm evaluation report

Final evaluation and reporting	January 1, 2026 February 28, 2026	Adjust marketing strategies based on market feedback	improve marketing activities and strategies
Final delivery	March 1, 2026	Summarize the effects and results of the entire marketing campaign	Complete final evaluation report and summary
Phases	Dates	Submit the final marketing strategy and implementation report	Complete project delivery

Source: Author (2024)

4.8.2. Budget

Allocate resources and budgets for marketing activities, R&D and distribution expansion.

Table 4. 6 Budget plan

Phase/Task	Cost items	Budget (Unit: RMB)
Project startup phase	Project management costs	50.000
	Marketing plan development costs	20.000
Market analysis phase	Market research costs	80.000
Strategy formulation phase	Marketing strategy development costs	100.000
Execution and promotion phase	Marketing activity costs	500.000
Monitoring and evaluation phase	Market monitoring and data analysis costs	50.000

Adjustment and improvement phase	Marketing strategy improvement costs	50.000
Final evaluation and reporting phase	Final evaluation and report production costs	30.000
Contingency budget	Emergency reserve funds	50.000
Total		930.000

Source: Author (2024)

Remarks.

- Project management costs: These include project management salaries, office rentals, and other administrative costs.
- Market Research Costs: This includes market research, data analysis, and external consulting services.
- Marketing activities expenses include advertising, promotion, event organisation, and public relations expenses.
- Market monitoring and data analysis expenses, including market feedback collection, data analysis tools and human resources.
- Contingency reserve fund: reserved for possible budget overruns or other unforeseen circumstances.

4.8.3. Control and assessment

Monitor and evaluate marketing performance through Key Performance Indicators (KPIs). Regularly evaluate and adjust marketing strategies based on market feedback and performance data. Implementation Programme for Control and Evaluation Actions To ensure the effective implementation and effectiveness of the Huo Fengxiang Hotpot marketing plan, the following is a specific control and evaluation programme, including key performance indicators (KPIs) and implementation steps:

Where (1) Key Performance Indicators (KPIs) include market share growth rate, which is interpreted as the growth rate of Huo Fengxiang Hot pot's market share in the target market every quarter. The measurement method is to calculate the market share at the end of each quarter through market research and sales data analysis and compare it with the previous quarter. (2) Sales Target Achievement Rate: KPI is the monthly or quarterly comparison of Huo Fengxiang Hot pot's sales with the expected sales target. It is measured by assessing the gap between actual sales and the set sales target through sales data reports at the end of each month or quarter. (3) Evaluation of advertising effectiveness, with KPIs of

clickthrough rate, conversion rate and brand awareness improvement of advertisement placement. Measured by regularly analysing the clickthrough rate and conversion rate data provided by the advertising platform and assessing changes in consumer awareness of the Huo Fengxiang Hotpot brand through market research. (4) Customer Satisfaction Score KPIs are Huo Fengxiang Hotpot customer satisfaction scores collected by customer surveys or feedback systems. The measurement method is to send customer satisfaction questionnaires or collect feedback regularly, calculate the satisfaction score and track the change trend. Through the above control and evaluation programmes, the Huo Fengxiang Hotpot marketing team is able to effectively monitor the progress and quality of the project, identify problems and take measures in a timely manner in order to maximize the expected goals and results.

Table 4. 7 Control and assessment(KPI)

KPI	Definition	Measurement Method	Goals	Responsible Party	Research/Monitoring Tools
Market Share Growth Rate	The growth rate of Huo Fengxiang Hot pot's market share in the target market.	At the end of each quarter, market share is calculated through market research and sales data, and compared with the previous quarter.	Grow 10% per quarter.	Marketing Manager	Market research reports, Sales data
Sales Target Achievement Rate	Comparison of Huo Fengxiang Hot pot's monthly or quarterly sales with the expected sales target.	At the end of each month/quarter, the sales data report is used to evaluate the gap between actual sales and set sales targets.	Achieve 1,000 vehicles per month.	Sales Team Leader	Sales reports, CRM system

		Monthly,			
		clickthrough			
	The	rate and			
	clickthrough	conversion rate			
	rate and	data provided			
	conversion	by the	Achie		
	rate of Huo	advertising	ve 2%		
	Fengxiang	platform are	clickthrou		
Adver	Hotpot	analyzed, and	gh rate		
tising	advertising,	market research	and 20%		
Effectiven	as well as	is used to	increase in	Digital	Advertising
ess	brand	evaluate brand	brand	Marketing	platforms, Market
Evaluation	awareness.	awareness.	awareness.	Specialist	surveys
	The				
	customer				
	satisfaction	Regularly			
	score	send customer			
	collected by	satisfaction			
	Huo	questionnaires			
	Fengxiang	or collect	Achie		
	Hotpot	feedback,	ve a		
Custo	customer	calculate	satisfactio		
mer	survey or	satisfaction	n rating of	Customer	Online survey
Satisfactio	feedback	scores and track	4.5 out of	Service	tools, Feedback
n Rating	system.	changes.	5.	Manager	platforms

Source: Author (2024)

Market share growth rate and sales target achievement rate: assessed quarterly and at the end of each month and compared with targets.

Advertisement Effectiveness Evaluation: Analyse data from advertising platforms on a monthly basis and evaluate brand awareness in conjunction with market research.

Customer Satisfaction Scores: send out quarterly questionnaires and analyse feedback to track changes in satisfaction scores.

4.8.4. Marketing mix (promotions, communications and events) planning

The following is a promotion, communication and event planning form for Huo Fengxiang Hotpot:

Table 4. 8 Marketing mix (promotions, communications and events) planning

Category	Activities	Content	Channels	Time
Promotional activities	Online promotions	Weekend special package (99 yuan for two people, 198 yuan for four people)	Meituan, Dianping, Ele.me, WeChat official accounts	Every Friday to Sunday
		Vouchers (20 yuan off for every 100 yuan spent)	Meituan platform, social media	Continuous promotion
	Offline promotions	Points activity (1 point for every 1 yuan spent, points can be redeemed)	Official WeChat mini-programs	Ongoing
		Spicy challenge, participants can get discounts or small gifts	Social media, in-store promotions	The first weekend of each month
		Member birthday specials, half-price discounts during birthday month	Membership system notifications	Member birthday month
Communication plan	Social media communication	Publish Huo Fengxiang special dishes, customer	WeChat, Weibo, TikTok	Regular updates

		reviews, and event previews		
	Customer feedback and interaction	Establish feedback channels to encourage customers to review their dining experience	Dianping, WeChat groups	Ongoing
Activity plan	Online activities	Raffles, customers share event information to participate in the lottery	Social media	Once a quarter, one week in advance
		User-generated content activities, upload photos to participate in the selection	Social media	The event lasts for one month
	Offline activities	Hotpot Festival, launch specific hotpot packages and entertainment activities	In-store, social media	Choose the right season (such as winter)
		Customer appreciation day, provide special discounts and free snacks	In-store promotions	The last Sunday of each month

Source: Author (2024)

5. Conclusions

5.1 Marketing Status of Huo Fengxiang Hotpot

In today's increasingly competitive hot pot restaurant industry, Huo Fengxiang Hot Pot has experienced initial growth but is currently facing a sluggish economic environment. Despite these challenges, its development momentum remains stable and gradually improves. As Internet technology continues to be integrated into domestic physical enterprises, traditional hot pot restaurants must adapt to remain relevant and seek further development. Therefore, improving marketing strategies has become essential. This thesis takes Huo Fengxiang Hot Pot as the main research object. First, it uses questionnaires and literature reviews to deeply analyze the current marketing situation and find out the existing problems and their causes. Next, Executive Overview, External Situational Analysis including Hot Pot Market; PESTEL Analysis; Sector Analysis; Competitor Analysis; Porters Five Forces Analysis and Consumer Analysis are conducted. And Internal Situational Analysis is conducted, including: Characterization of the company; Mission, vision and values. At the same time, a SWOT Matrix Analysis is conducted on the Strengths; Weaknesses; Opportunities; Threats of Huo Fengxiang Hot Pot Restaurant. Finally, the Loyalty Management Plan Objectives are determined. Segmentation, Targeting and Positioning and 7P Marketing Mix (Product; Price; Place; Promotion; People Strategy; Physical evidence; Service Process) were carried out for the areas of improvement. Finally, Implementation was carried out, including Schedule; Budget; Control and Assessment. A series of marketing improvement strategies were formulated for Huo Fengxiang Hotpot. Through comprehensive analysis, several key conclusions were drawn.

5.2 Current Disadvantages of Huo Fengxiang Hotpot

Through questionnaire survey and literature review, we know that Huo Fengxiang Hotpot has not formed an inevitable development trend in the Xinghua area. The comprehensive quality of store staff is uneven, the products lack innovation, the pricing mechanism lacks flexibility, the marketing channel is too single, the promotion activities are too traditional, the service staff is not good, the process service needs to be improved, and the tangible display needs to be strengthened. These problems will restrict the further development of Huo Fengxiang Hotpot in the future.

5.3 Huo Fengxiang Hotpot Loyalty Program improvement Strategy

In the course of this research, the STP analysis method was applied to clarify the market positioning of Huo Fengxiang Hotpot in the Xinghua region. The brand primarily targets young, middle-income consumers, with its presence concentrated in large, comprehensive commercial areas. Drawing on the companys strengths and opportunities, and based on the "7Ps" marketing mix and experiential marketing theory, this paper proposes seven

improvement strategies specifically focused on enhancing customer loyalty. These strategies aim to strengthen customer retention and long-term engagement with the brand.

Product improvement Strategy to Enhance Customer Satisfaction: Focus on developing and refining products that align with customer preferences and provide superior quality. This includes introducing new flavors, seasonal menus, and customizable options that resonate with loyal customers, encouraging repeat visits.

Price improvement Strategy Based on Customer Perceived Value: Introduce more flexible pricing options within the loyalty program, such as special discounts or points redemption for loyal customers. Offering tiered rewards systems and exclusive deals will enhance the perceived value of the loyalty program and incentivize higher spending.

Channel improvement Strategy for Seamless Customer Experience: Streamline the customer experience across multiple channels, including online and offline. Ensure that loyalty program features, such as points tracking and rewards redemption, are accessible through mobile apps, websites, and in-store interactions, making participation more convenient for customers.

Promotion improvement Strategy with a Focus on Communication: Strengthen communication between the brand and customers by utilizing social media, email campaigns, and personalized notifications. By sending timely updates about loyalty program benefits, exclusive offers, and special events, Huo Fengxiang can engage customers more effectively and build stronger relationships.

Personnel improvement Strategy to Improve Customer and Staff Loyalty: Train staff to understand and promote the loyalty program effectively, ensuring that customers are informed and encouraged to participate. A well-trained staff can help build stronger connections with customers, enhancing their loyalty to the brand.

Process improvement Strategy for a Satisfying Customer Journey: Ensure that all aspects of the loyalty program, from enrollment to rewards redemption, are smooth and customer-friendly. Simplifying the process and providing clear instructions will lead to higher customer satisfaction and increased program participation.

Tangible and Intangible Display improvement Strategy: Enhance the visibility of the loyalty program through both tangible and intangible elements. This includes improving in-store displays that promote the program and utilizing digital platforms to highlight the benefits of membership. Additionally, fostering a sense of exclusivity and prestige among loyal customers will further solidify their commitment to the brand.

These loyalty program improvement strategies aim to support Huo Fengxiang Hotpots expansion in the Xinghua region, while also providing theoretical and practical references for the development of other chain hotpot restaurant brands in China.

5.4 Future Prospects and Research Directions

The improvement of the marketing strategy of Huo Fengxiang Hotpot in the Xinghua area proposed in this paper, on the one hand, enables Huo Fengxiang Hotpot to better adapt to market changes. On the other hand, the chain franchise business model of Huo Fengxiang

Hotpot discussed in this paper can provide reference and references for similar hotpot catering companies.

The practicality of the marketing strategy improvement and guarantee measures proposed in this paper needs to be tested in practice and continuously improved in future work and study. First, due to the small number of questionnaire survey samples, it cannot represent the wishes of all consumers. It cannot fully reflect the market environment faced by Huo Fengxiang Hotpot in Xinghua. The marketing strategy improvement formulated on this basis may not achieve the expected results; second, the implementation of marketing strategy improvement requires the full support and cooperation of the company's human resources and material resources, and some measures may not be effectively implemented; third, with the development of social economy, many economic data, policies and systems are changing in real-time. Therefore, the analysis and conclusions of this article have a certain timeliness. In further revision and research, it is necessary to continue to understand the situation in various aspects, such as social, economic, and industry development, before making corresponding adjustments.

The short-term goal of Huo Fengxiang Hotpot is to blossom and bear fruit in Xinghua, China, and the long-term plan is to spread all over the country. Therefore, the company should keep up with the pace of the times, innovate development concepts, earnestly learn the successful experience of domestic hot pot catering giants, make full use of Internet technology, and adopt a scientific management model to achieve the long-term development goal of Huo Fengxiang Hotpot.

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Appendices

Appendix A – Huo Fengxiang Hotpot Customer Loyalty Survey

Thank you for taking the time to complete this survey. Your feedback is crucial in helping us improve our services and enhance your dining experience. This survey will take approximately 510 minutes to complete.

Part 1: General Information

1. Age Group:

Under 18

18-24

25-34

35-44

45-54

55-64

65 and above

2. Gender:

Male

Female

Prefer not to say

3. How often do you dine at Huo Fengxiang Hotpot?

First time

Once a month

23 times a month

Once a week

More than once a week

Part 2: Dining Experience

4. How would you rate the quality of food at Huo Fengxiang Hotpot?

Excellent

Good

Average

Poor

5. How would you rate the variety of dishes offered?

Excellent

Good

Average

Poor

6. How would you rate the cleanliness of our restaurant?

Excellent

Good

Average

Poor

7. How would you rate the friendliness and professionalism of our staff?

Excellent

Good

Average

Poor

8. How satisfied are you with the overall dining experience at Huo Fengxiang Hotpot?

Very Satisfied

Satisfied

Neutral

Dissatisfied

Very Dissatisfied

Part 3: Loyalty and Rewards

9. Are you a member of our loyalty program?

Yes

No

10. If yes, how satisfied are you with the benefits of the loyalty program?

Very Satisfied

Satisfied

Neutral

Dissatisfied

Very Dissatisfied

11. What type of rewards would you like to see in our loyalty program? (Select all that apply)

Discounts on meals

Free dishes

Exclusive member events

Special birthday offers

Points system with redeemable rewards

Other (please specify): _____

Part 4: Suggestions and Feedback

12. What do you like most about Huo Fengxiang Hotpot? (Openended)

13. What areas do you think we can improve on? (Openended)

14. Do you have any additional comments or suggestions for us? (Openended)

Thank you for your valuable feedback!

Feel free to adjust the questions or add more specific inquiries based on your needs.