

UDC 33

DOI: 10.34670/AR.2023.81.30.026

Experience of the restaurant business in the face of unprecedented measures to contain the novel coronavirus in China

Xiaoming Li

Graduate Student,
Peoples' Friendship University of Russia,
117198, 10/2, Miklukho-Maklaya str., Moscow, Russian Federation;
e-mail: 1132215769@rudn.ru

Sergei B. Zainullin

PhD in Economics, Associate Professor,
Peoples' Friendship University of Russia,
117198, 10/2, Miklukho-Maklaya str., Moscow, Russian Federation;
e-mail: zaynullin-sb@rudn.ru

This paper has been supported by the RUDN University Strategic Academic Leadership Program.

Abstract

The relevance of the topic of the article is due to the fact that Chinese restaurants are trying to restore work after a forced downtime amid the spread of a new type of coronavirus. The restaurant business in China has suffered more than others from the unfavorable epidemiological situation. Restaurateurs have urgently needed to resume work. Most food service establishments in the PRC are small and micro-enterprises that cannot afford long periods of downtime. According to a joint study by Tsinghua University and Peking University, only a third of China's small businesses could afford a forced shutdown of up to three months, another third could last two months, and the rest could barely last until the end of the month. Restaurateurs were looking for measures to urgently restore activities. So, for the famous restaurant chain Haidilao, the solution was the organization of "contactless" takeaway food delivery. This scheme involves the preparation of food by chefs in protective suits and the delivery of food in sealed packages. Having lost 5 billion yuan of revenue and 580 million yuan of net profit in 15 days of downtime, Haidilao restored consumer confidence and activity through such "super-hygienic" delivery. Most Chinese taverns are still closed or only open for take-away food, you can see this by walking around any of the Chinese cities. Home delivery of food only helps to support the business, there is no question of profits. The main task for most restaurants today is not to go bankrupt.

For citation

Xiaoming Li, Zainullin S.B. (2023) Experience of the restaurant business in the face of unprecedented measures to contain the novel coronavirus in China. *Ekonomika: vchera, segodnya, zavtra* [Economics: Yesterday, Today and Tomorrow], 13 (2A), pp. 295-303. DOI: 10.34670/AR.2023.81.30.026

Keywords

Restaurant management, coronavirus, epidemic, catering, anti-crisis solutions.

Introduction

In the modern world, the key problem of people in all countries of the world has become the search for anti-crisis solutions in connection with the coronavirus pandemic. According to statistics, up to 67% of small, medium and large enterprises were affected by the pandemic.

The catering, tourism, trade and service sectors suffered the most during the pandemic. Figure 1 shows the share of business areas affected by the coronavirus. We see that the largest share of the affected enterprises, which is 37%, falls on the catering sector. At the same time, the catering market fell by almost 75% [Taste has returned, www]. In this regard, consideration of issues related to the study of the state of public catering enterprises, which have been very popular among the population in recent years, is relevant.

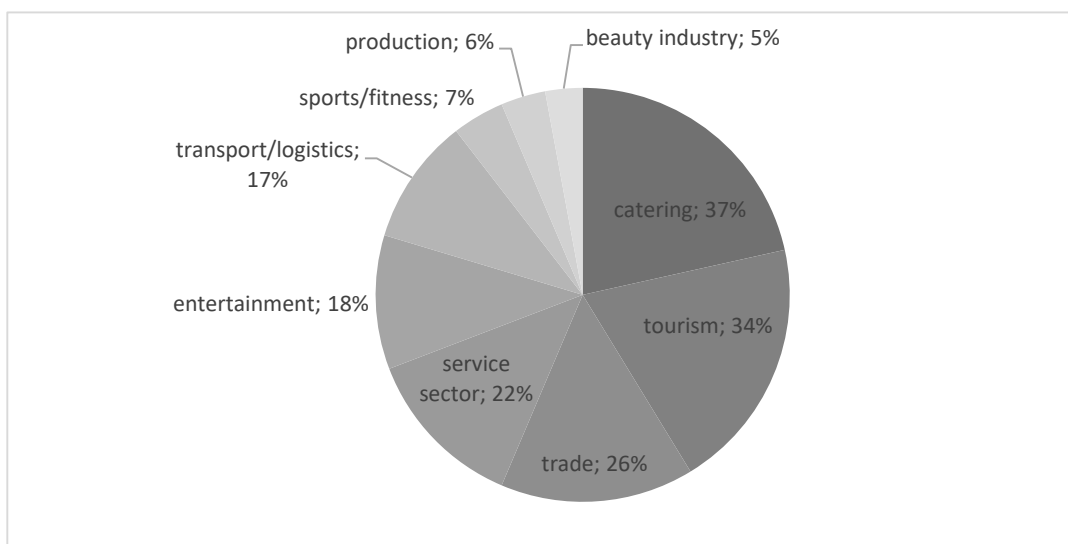


Figure 1 - Share of business sectors affected by coronavirus in China (2021) [ibid.]

The data presented indicate that public catering enterprises, one of the most important areas of social infrastructure, turned out to be the most advanced, having taken the brunt of the coronavirus pandemic and more than others affected by it.

Recently, one can observe a trend of "destruction" of some companies.

In this regard, the question arises: how to act correctly and competently in such situations and be able to predict future stages in the development of the potential of such enterprises?

First, it is necessary to expand the range. If the range of services provided is expanded, including the connection of the food delivery function, then an increase in the number of consumers can be achieved.

If we develop the assortment and increase delivery points in areas of large cities, we can expect an increase in turnover and profits, since the main work under quarantine falls on the delivery service. In addition to using the services of special delivery services, develop our own delivery service so that the employees of the enterprise retrain and do not lose their jobs.

Secondly, you can close a number of restaurants of your chains, and create isolated tables in the remaining ones.

Thirdly, it is necessary to strictly observe the mode of operation in gloves of both staff and customers. In many catering establishments, without observing these measures by visitors during the

epidemic, it was impossible even to enter the restaurant.

Since the pandemic may recur, forecasts should be made for the future food service situation.

The restrictive measures of the Chinese authorities required restaurants and cafes to limit the number of seats in the halls, as a result of which the flow of visitors has significantly decreased [Restaurant business and service sector..., [www](#)]. So, in restaurant chains, half of the tables were sealed with plastic and advertising posters were placed asking customers, if possible, not to eat in the hall, but to take orders with them. Restaurants in their press releases recommend to visitors the format of ordering takeaway food, and have taken the most important sanitary measures: a ban on entering and serving without a protective mask and gloves. For the purpose of sanitary protection of visitors and staff, restaurant chains purchased thermometers to measure the body temperature of their employees and liquid skin antiseptic [Food aggregators..., [www](#)].

With the introduction of quarantine, most establishments have refocused their business on food delivery.

Some establishments use two options for food delivery: delivery is carried out by employees of the involved delivery services or their own couriers. Most establishments use the services of aggregators. An Internet aggregator is a site that combines various thematic sites in order to increase their sales level and provide users with the convenience of choosing dishes and drinks.

A distinctive feature of the site is a single design, user-friendly interface [How the coronavirus epidemic affected catering networks..., [www](#)]. Here, companies do not advertise, do not compete with each other in a colorful presentation. The cooperation of the aggregator and the restaurant provides advantages that conventional catering establishments do not have:

- increase in the served audience;
- effective maintenance of consumers;
- increasing the popularity of well-known brands;
- increasing the income of enterprises and maintaining or increasing their potential, financial strength;
- expanding opportunities for customer feedback.

Data on the availability of delivery service in the largest catering chains in China in 2021 is presented in Figure 2.

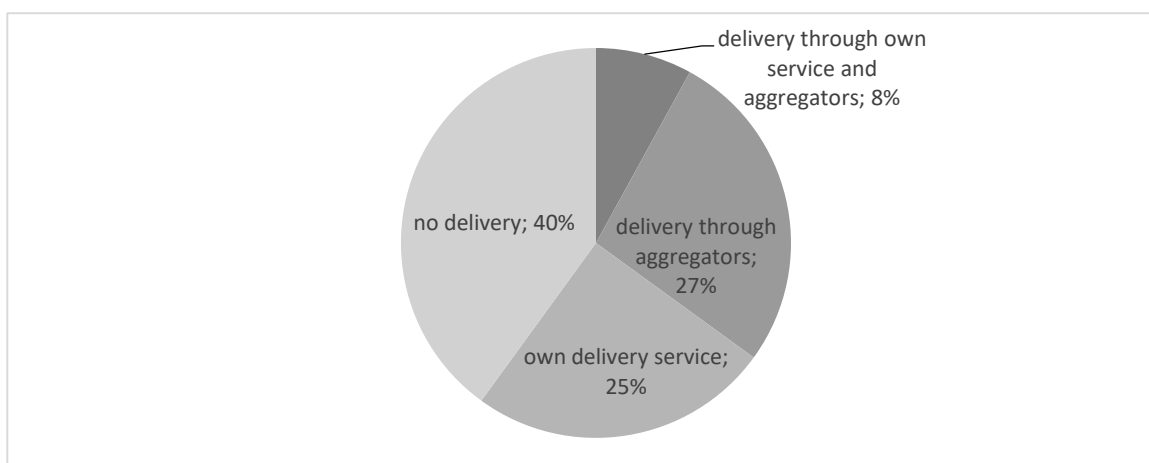


Figure 2 - Delivery availability of the largest food service chains in China (2021) [Taste has returned..., [www](#)]

The development of the technological potential of public catering enterprises is directly related to the food revolution 4.0 [Chinese restaurants are trying to recover..., [www](#)].

One of the first directions is the digitalization of the food industry, which leads to a reduction in costs at the stages of marketing, transportation and sale of food products. In particular, this concerns the reduction of transaction costs for the purchase and sale of goods and the simplification of the supply chain to increase profits. The bottom line is that there is a significant increase in diversity in commodity relations, a continuous audit of the population's need for food products is ensured. The possibility of searching for goods on the Internet is provided, which increases the intensity of the search, reduces the search time.

On the other hand, the search engine obtains information about the demographics of customers, which contributes to the concept of the relationship of the prospective buyer.

The next factor in the food revolution 4.0 is the increase in popularity and demand for fast food. "Time" is the main reason for the consumption of fast food, but today there are more and more prescriptions for quality and variety of commodity items. "Fast, "affordable" and "inexpensive" are 3 whales that keep interest in fast food. The concept of this food consumption is quite popular, and companies are trying in every way to retain old customers and attract new ones. Restaurants are actively introducing Internet things to automatically analyze the activity of each activated technical device and each employee, as well as control data about each client [How industries survive during the pandemic, [www](#)].

During the pandemic, drones were used in China for contactless food delivery, which would facilitate and speed up the delivery process. But there is a difficulty in introducing this innovation, it is reflected in the high initial costs and the inability to predict net cash flows to determine the payback period of investments.

Food revolution 4.0 is associated with the production of nanofoods, i.e. continuation of genetically modified technologies, which are already quite popular and actively developing. The main goal of this production is to reduce the cost of finished products for a manufacturer with limited resources. And at the same time, this is a new direction for investment and further development of the potential of enterprises.

During the coronavirus pandemic, certain problems were discovered, such as: the need for contactless communication; segmentation of production and delivery of products at enterprises, etc. [Restaurant business and service sector..., [www](#)]. To increase the potential of this segment of social infrastructure, it is necessary to establish:

- expanding the range of dishes provided;
- cooperation with delivery services or own courier service;
- production and use of drones for contactless food delivery;
- application of 3D food printing technology.

However, we should not forget that the survival and success of any business, including the catering business, depends not only on the ability of the financial managers of the organization, but also on the ability to use the offers of consulting companies. Based on the analysis of financial functions, these companies can give recommendations on the transformation of competitive opportunities, directions of cost analysis [How restaurateurs in China..., [www](#)].

Methods

In the study, the authors used some methods such as analysis and synthesis, induction and deduction, historical and logical, abstraction and concretization.

Results

The Haidilao brand was founded in 1994. With over 20 years of development, Haidilao International Holding Ltd. has become a world famous catering company. In 2020, Haidilao opened 935 chain restaurants in China, Singapore, USA, South Korea, Japan, Canada, UK, Malaysia, Vietnam, Indonesia and Australia.

The name of the company comes from the Mahjong term Haidilao, literally meaning "deep-sea excavation", analogous to the act of completing a winning combination in mahjong when matching the last available tile in a game [ibid.]. This is a very rare occurrence and is considered very successful [ibid.].

Zhang Yong is the founder of Haidilao, and in March 1994 opened the first Haidilao hot pot restaurant with three other founders for 8,000 yuan in Jianyang, Sichuan [Taste has returned..., www] Sichuan is a place where people often eat hot pot, which means that there are many hot pot restaurants in the Sichuan area [ibid.] However, Haidilao is competitive in a different way [ibid.] Haidilao is not based on the taste and superiority of the dishes, but rather on the competitive advantage that the chain has based on their customer service [ibid.]. For example, there was a case when a customer came in with dirty shoes, and Mr. Zhang asked the staff to clean the customer's shoes [ibid.]. Although customers may not consider Haidilao's taste to be the best, they still come for special services [ibid.]. After five years, Haidilao began expand beyond Sichuan to other provinces such as Xi'an, Shanxi and other parts of the world [ibid.].

Over the years, Haidilao has stood up to the challenges of the market and customers and has successfully established a quality hot pot brand that has built a reputation for itself. Haidilao, a large catering chain, adheres to the principles of integrity in business. The company prioritizes continuously improving the quality and safety of its food products by providing better thoughtful services to its customers while providing healthier, safer and more nutritious food.

Today, the company continues to develop a global restaurant network, mainly in the markets of Asia, Europe, America and Australia.

In 2020, the company launched the Quality Time with Children project.

Haidilao always adheres to the idea, the customer is always right, and provide them with the best services, and provide other services through innovation.

The Haidilao brand has gained wide popularity due to its customer focus. In addition to a wide range of dishes and high-quality service, the company offers its visitors a number of additional free services, including board games, snacks, massages and manicures.

Today, Haidilao raised \$963 million in an initial public offering (IPO) on the Hong Kong Stock Exchange. In total, the company issued 424.5 million shares. The cost of each was 17.8 Hong Kong dollars (2.27 US dollars), which is the upper limit of the previously established price range, which started at 14.8 Hong Kong dollars.

About 60% of the funds received during the IPO, the company plans to invest in further expansion of the network in China and abroad, increasing by another 180-220 establishments.

The Haidilao concept differs from other Chinese traditional hot pots in many ways [How industries survive during the pandemic, www]:

1) Customers can choose different soups according to their taste [How the coronavirus epidemic affected catering networks, www].

2) Haidilao provides automatic kitchen in the restaurant, which can improve the efficiency of its operation [Food aggregators..., www].

3) Haidilao provides robots that are responsible for food delivery [How industries survive during the pandemic, [www](#)].

Service in a restaurant is divided into three processes: (1) before eating; (2) during meals; (3) after eating.

(1) Before eating

Haidilao employees greet customers. Each Haidilao restaurant has a waiting room for visitors. The waiting room has different sections to suit clients with different needs. To respect the feminine nature of love of beauty, Haidilao offers hand massage and manicure services [How industries survive during the pandemic, [www](#)]. As for children, Haidilao has a parent-child section, which is an indoor children's playground with amenities. The pre-meal service includes several complimentary services such as a car wash, fruit, snacks, drinks, a nail salon and board games.

(2) While eating

Guests are provided with a hot towel to dry their hands when visitors sit down. Different drinks are offered to different customers. Staff offer an apron and a cell phone bag for free at meals, and also provide small hairpins for long-haired customers. After employees introduce themselves, the customer's name and birthday are recorded in the system. Haidilao gives gifts on the client's birthday. The elderly, pregnant women and young people receive special care from the staff. If customers celebrate their birthday or wedding ceremony at Haidilao, they will receive a special gift. While dining in the dining area, diners can experience Chinese culture through a Sichuan face-changing show and a hand-made noodle show. In China, hot pots are usually prepared by groups of people.

(3) After eating

After the customer has finished eating, the staff distributes free snacks and fruit, as well as mints and toothpicks.

For people who place orders through the online store, Haidilao provides housekeeping and dish return services.

In 2020, 103.2 million people became customers of these restaurants.

In the context of coronavirus, Haidilao created a takeaway and delivery menu, and made the menu a simplified version of the restaurant's lunch menu with which it is easy to move around the city. For the fastest takeaway delivery, the restaurant chain provides curbside delivery to its customers. The restaurant chain is constantly updating the website to enable online takeaway, delivery and drive-thru. Many customers find it easier to order online than over the phone because they can place orders instantly at any time they choose.

Today, more and more people access the Internet mainly from their mobile devices. No matter how much time a restaurant spends on a website, if it's not optimized for phones and tablets, most customers will leave the page immediately. Haidilao is constantly working to update the site so that it works on tablets, phones and desktops. The company creates social media accounts and maintains an active online presence. Another great feature of a social media business account is the ability to make announcements about any events that the restaurant chain hosts. All these actions increase Haidilao's competition in the restaurant business market.

Undoubtedly, the restaurant is a very successful business, but it requires huge investments and additional resources to withstand the current competition. After passing through this difficult stage, the restaurant will be able to become the only major brand and restaurant in the newly developing city.

It is very important for the company to further expand its activities in international markets.

Recommendations and conclusions

Haidilao has been particularly hard hit by the coronavirus crisis, with restaurants forced to close or switch to delivery due to the epidemiological situation. The second wave did not lead to a complete lockdown, however, it entailed new changes in work. Haidilao was able to stay afloat under these conditions, the new reality has changed the work and preferences of the guests. The Chinese company Haidilao suffered a loss of 5.04 billion yuan (\$716 million) due to COVID-19 [How restaurateurs in China..., [www](#)].

What helped Haidilao restaurants to stay afloat was the fact that they actively developed delivery. In particular, the delivery of dishes was arranged from almost all Haidilao restaurants, they focused on dishes that work well in this format, and offered guests the top 30 positions of the main menu.

After the restrictions were lifted, the company opened several new establishments, but mostly sticking to popular and proven concepts. There were also new projects, but Haidilao did not adapt specifically to the pandemic situation.

Haidilao has focused on being able to cook your own food. The company added to the main menu, which was not all suitable for delivery in the form intended by the chef, special recipes with ingredients for self-cooking, delivered simple everyday products, such as vegetables, bread from their bakery and homemade dumplings in the form of chilled dumplings. meat and fish.

In addition, online activities were offered to users music streams, broadcasts and video interviews.

It is delivery and all kinds of measures aimed at improving the safety of visitors from an epidemiological point of view that today determine the main trends in the restaurant business. At the same time, she said, the pandemic is also affecting consumer preferences.

Many places have abandoned the paper menu, offering QR codes as an alternative. Plus, let's not forget about QR check-ins, mask mode and antiseptics. True, it can hardly be called trends, rather new realities in which we all still have to live for a long time.

Before the pandemic, Haidilao restaurants were already using delivery, thus gaining an advantage, but for those who had not previously worked with it, it took quite a long time to fine-tune the processes.

It is not difficult to understand how much the crisis affects the restaurant business. The regime of self-isolation, forced vacations of people make them save on everything, as well as reconsider their eating habits. Restaurateurs are trying to adapt to the new conditions, but so far not everyone has succeeded.

What to do if the situation with the coronavirus repeats again? First of all, carefully work with the efficiency of Haidilao restaurant management. This applies to all costs, including marketing. The company will have to monetize almost all processes.

Secondly, the company will work to become more flexible and quickly respond to unforeseen circumstances.

You also need to understand that in the next couple of years, funding for new projects will either be frozen or greatly reduced. You have to be ready for this. This is sad, because the restaurant industry in China was actively developing before the pandemic, and we would not want this development to slow down.

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Опыт ресторанного бизнеса в условиях беспрецедентных мер по сдерживанию распространения коронавируса в Китае

Ли Сяомин

Студент,

Российский университет дружбы народов,
117198, Российская Федерация, Москва, ул. Миклухо-Маклая, 10;
e-mail: 1132215769@rudn.ru

Зайнуллин Сергей Булатович

Кандидат экономических наук, доцент,

Российский университет дружбы народов,
117198, Российская Федерация, Москва, ул. Миклухо-Маклая, 10;
e-mail: zaynullin-sb@rudn.ru

Аннотация

Актуальность темы статьи обусловлена тем, что китайские рестораны пытаются восстановить работу после вынужденного простоя на фоне распространения коронавируса нового типа. Ресторанный бизнес в Китае больше других пострадал от неблагоприятной эпидемиологической ситуации. Рестораторам срочно нужно возобновить работу. Большинство предприятий общественного питания в КНР представляют собой малые и микропредприятия, которые не могут позволить себе длительные периоды простоя. Согласно совместному исследованию Университета Цинхуа и Пекинского университета, только треть малых предприятий Китая может позволить себе принудительное закрытие на срок до трех месяцев, еще треть может продлиться два месяца, а остальные едва продержатся до конца месяца. Рестораторы искали меры по срочному восстановлению деятельности. Так, для известной сети ресторанов Haidilao решением стала организация «бесконтактной» доставки еды на вынос. Эта схема предполагает приготовление еды поварами в защитных костюмах и доставку еды в запечатанных упаковках. Потеряв 5 млрд юаней выручки и 580 млн юаней

чистой прибыли за 15 дней простоя, Haidilao восстановила доверие и активность потребителей благодаря такой «сверхгигиеничной» доставке. Большинство китайских таверн до сих пор закрыты или открыты только для еды на вынос, в этом можно убедиться, прогулявшись по любому из китайских городов. Доставка еды на дом помогает только поддерживать бизнес, о прибыли не может быть и речи. Главная задача для большинства ресторанов сегодня – не обанкротиться.

Для цитирования в научных исследованиях

Ли Сяомин, Зайнуллин С.Б. Experience of the restaurant business in the face of unprecedented measures to contain the novel coronavirus in China // Экономика: вчера, сегодня, завтра. 2023. Том 13. № 2А. С. 295-303. DOI: 10.34670/AR.2023.81.30.026

Ключевые слова

Ресторанный менеджмент, коронавирус, эпидемия, кейтеринг, антикризисные решения.

Библиография

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