

Influences of the epidemic on the catering industry and future prospects

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Abstract: The epidemic has caused heavy losses to the catering industry, and many catering enterprises have been forced to close or transform. In this study, through the investigation, we can understand the development status of the catering industry under the epidemic situation, what difficulties have been encountered, what measures have been taken, especially for the special period of the Spring Festival, whether there is any innovation. In the survey, the potential direction of the future upgrading of catering industry and the impact on other related industries are discussed. Our findings will help catering enterprises survive and operate better under the epidemic, realize their own transformation and upgrading, which will drive other related industries to reduce the negative impact of the epidemic as soon as possible.

Keywords: epidemic, catering industry, future

1. Introduction

In 2020, COVID-19 swept the globe and caused a great impact on the order of the whole world's economic operation. All trades and professions were affected by the epidemic. According to the data of the National Bureau of statistics, in 2019, the overall income of China's catering industry reached 4.67 trillion RMB, while in 2020, the national catering income was only 3.95 trillion RMB, a year-on-year decrease of 15.4%. Recently, Haidilao announced in the Hong Kong stock exchange that its expected net profit in 2020 is expected to drop by about 90% compared with that in 2019. The impact of the outbreak of new corona-virus on the group's operation is one of the main reasons for the expected decline in net profit. The epidemic has led to heavy losses in the catering industry, which not only reduces the profit opportunities of the catering industry, but also increases the operating costs of the catering industry.

1.1 Under the influence of COVID-19, the flow of food and beverage stores is restricted by both official appeal and consumer psychology

Although the situation of epidemic prevention and control has improved, there are still many high-risk areas in the country. Therefore, the National Health Commission advocates reducing unnecessary dinner party activities. If there is a dinner party, the number of people should be controlled below 10. Unable to hold large-scale dinner in the hotel, it will greatly reduce the passenger flow of catering stores and make catering stores lose an important source of income. At the same time, consumers' willingness to consume in offline restaurants has also decreased. Although the impact of the epidemic is gradually decreasing, the shadow of the epidemic on people has not completely disappeared. Many consumers are still worried about the epidemic, but also respond to the call of the state, and try to avoid unnecessary meals, which will also reduce the customer flow of offline catering stores and reduce the income of catering stores.

1.2 Due to the need of epidemic prevention, the cost of catering industry has increased greatly

For the need of epidemic prevention, the store needs to prepare staff at the entrance, who are specially responsible for supervising customers to scan the pass code, register their personal information, and check their body temperature. The store also needs to do a good job of disinfection and killing in the store on a regular basis to ensure the sanitary condition of the store. The cost of raw materials and

consumables is one of the most important expenses of catering enterprises. Under the epidemic situation, the supply chain of raw materials in catering industry is greatly affected, and the price of raw materials rises. Therefore, the expenses of catering enterprises on food materials increase a lot. In addition, because food materials may also carry the novel corona-virus, the state must strengthen the control of food materials, especially the detection of imported cold chain food. Once there are problems with food materials, restaurants that need special imported food materials will have to cancel the original orders and change the purchase channels. For the catering enterprises, which is particularly dependent on cash flow and the capital chain is easy to break, the epidemic situation undoubtedly greatly increases the labor cost, material cost and equipment cost of the catering industry. If the epidemic situation recurs, the catering enterprises will face the risk of temporary closure and difficult operation. Therefore, under the epidemic situation, the financial risk and operation risk of the catering industry will increase sharply.

It is difficult for cash to flow back and the cost is increasing. If the catering enterprises want to survive and operate, it must take a positive attitude and take all-round measures to deal with the impact of the epidemic. Although affected by the epidemic, the long-term good trend of the catering industry has not changed, and the efforts to survive and operate under the epidemic show a new potential direction for the upgrading of the catering industry. The catering industry is an important livelihood industry in China. The improvement of the operation of the catering industry will also drive the development of other livelihood industries, such as transportation, retail, tourism and other livelihood industries, which is a great contribution to the economic recovery in the epidemic.

2. Research design

The catering industry has been deeply influenced during the epidemic, so measures have to be taken on the operational side. Our group adopted the method of discussion to divide the content into three parts. In the first part, we analyzed the difficulties faced by the catering industry during the epidemic period, and how to solve these difficulties via interview and the data on the internet. For the second most part, we seized a special period- the Spring Festival as background, and then to find what innovations have catering businesses made and what preparations have they made to seize this promotion opportunity through data analysis and examples. In the last part, we study the innovation and potential development direction of the whole catering industry. There will be more detailed analysis for these three parts in the following. We made this research design through group discussion, which could make the information and data more logical and comprehensive.

2.1 Data collection

2.1.1 First part-The current situation and solutions

Chinese Cuisine Association survey data shows that 79% of catering enterprises lost more than 100% of their operating income; 9% of enterprises lost more than 90% of their revenue; 7% of companies lost between 70% and 90% of their revenue; Only 5% lost less than 70% of revenues.(Fig 1)

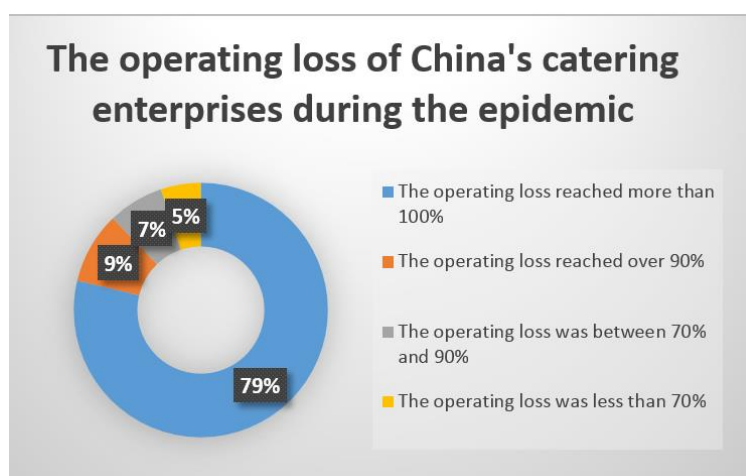


Figure 1: The operating loss of China's catering enterprises during the epidemic

It is not difficult to see from the data that the catering industry is facing a very serious blow during

the epidemic. Under such circumstance, we also did an interview with a restaurant owner to ensure the severity of the crisis. It is true that the quality of the data to a large extent depends upon the structure of the as interview as well as the design of each individual question (Saunders et al., 2003). This way can make us obtain more real and concise information, because only the people who are experienced in this kind of industry knowhow difficult is it and what measures are relatively effective. In January 2021, we selected one restaurant which pursues sales volume and turnover as the interviewee and conducted in-depth interviews to collect the information we need. This study is mainly to help us to understand the difficulties faced by the catering industry and the solutions during the epidemic. Most of the questions we design are open-ended questions, which allow the interviewees to express their views freely. The questions of these interviews are summarized as follows?

- 1) How restaurants were affected during the epidemic period?
- 2) What measures have been taken during the epidemic period?

Through the answers given by this interviewee, we have made an information collation and deeper data search. The catering business has been controlled and restricted during the epidemic, which has reduced the opportunity to make money. Meanwhile, the use of disinfection supplies and the nucleic acid testing for the delivery have greatly increased the operating costs. Under such condition, the catering industry has chosen some ways to ease the loss, such as open online services, health controls, etc.

2.1.2 Investigation on the third-party take-out platform

In Fig2, no matter large-scale catering businesses, medium-sized or small-sized, they all think that the take-out service has brought them more hope of survival and relieved pressure to a great extent during the epidemic period.

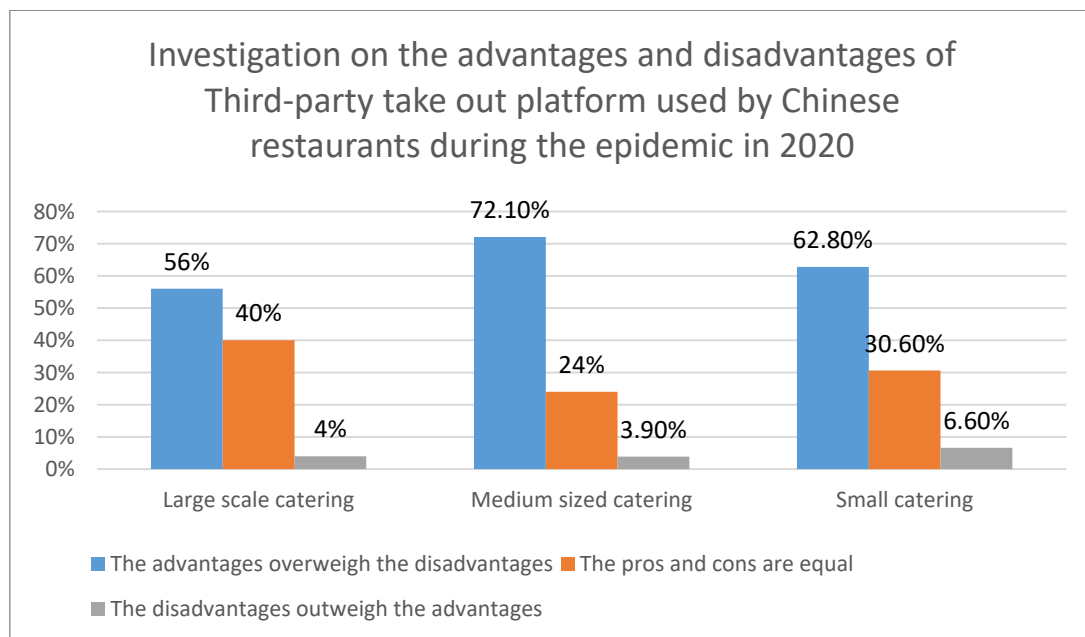


Figure 2: Investigation on the advantages and disadvantages of Third-party take out platform used by Chinese restaurants during the epidemic in 2020

2.2 The spring festival

During the Spring Festival, the catering industry has made a lot of innovations and preparations to seize this promotion opportunity. Our group has summed up three measures. Firstly, the small portion New Year's Eve meal increased. According to the notice issued by the general offices of the CPC Central Committee and the State Council on January 25. We have got the key information - "celebrate the Spring Festival locally". Because of the call to celebrate the Spring Festival locally, many people choose not to reunite with their families but to spend the Spring Festival alone in the city where they work. Most restaurants have changed their service model in response to the change of policy, they have started to offer a small portion of new year's Eve dinner for one or two person, so that they can have a sense of ceremony and satisfaction. We take the sales of new year's Eve dinner in a restaurant as an example to make a data table (the data comes from the regular takeout platform) In Fig 3, the used data were collected

in February, 13 2021. They were displayed in the form of histogram, in which the X-axis includes four kinds of New year's Eve meal sets, such as single-serving meal, double-serving meal, meals for three to five people and for more people. Y-axis is the quantity of sales.

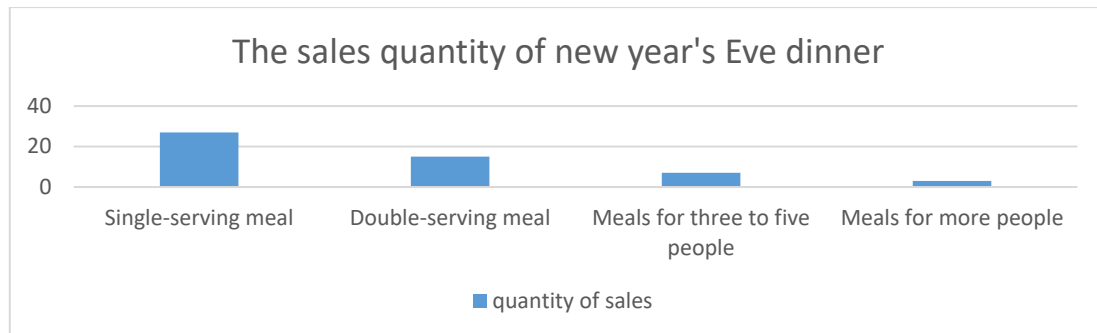


Figure 3: The sales quantity of New Year's Eve dinner

These data can increase authenticity for the increase demand of small portion New Year's Eve dinner. Secondly, Celebrate the New Year on the spot made the integration of enterprise labor forces, employees of many restaurants can also work locally. Therefore, many restaurants will choose to add entertainment activities, such as dance, singing, and consumers playing games to get red envelopes. This has greatly increased the customer's favor to some extent. Only when the customers are satisfied, the business will be better and better. Finally, the marketing strategy of some restaurants will also change, such as giving coupons. It's normal for dishes to rise in price during the Spring Festival, but giving coupons at the time of checking out can change customers' emotions and retain them. In addition, they can also look for potential customers, because coupons can also be spread to friends and friends.

2.3 Potential development direction of catering industry

First of all, our group made a guess on the future operating mode of the catering industry. The epidemic will accelerate the transformation and upgrading of catering enterprises. Catering business will strengthen the construction of online channels and do a good job in both online and offline lines. Secondly, as for the customer, Customers are not only concerned about the delicious food, but also the food hygiene and eating environment. Therefore, the catering business has to pay much attention to the standardization and of food processing. Moreover, customers also have a greater need for a comfortable environment. This will greatly increase customer satisfaction. Finally, we find that more and more young people like to post pictures of exquisite meals on WeChat Moments or some platforms for exchange and comment. Therefore, the catering industry can choose to cooperate with some platforms which are used to recommend good items with others. On the one hand it can satisfy consumer's psychology of "showing off", on the other hand it can increase their exposure to attract more customers

3. Discussion

The 2019 epidemic has certainly had an indelible impact on the catering industry. In order to resist on the impact of the epidemic, the catering industry has taken various measures, such as adopt the take-out service, pay attention to food hygiene and so on. During the special festivals, restaurants have chosen to give coupons with different discounts, or make talent shows to build their own private flow and to stabilize the re-purchase members.

3.1 Development prospect analysis of catering industry

The epidemic will accelerate the transformation and upgrading of catering enterprises. On the one hand, the Internet and big data are used to vigorously develop take-out service to realize the integrated innovation and development of online and offline catering services. On the other hand, the catering industry should pay more attention to food safety and hygiene. The traceability and branding of food ingredients may become the focus of a new round of catering survival and competition, and the catering industry will also develop towards a more standardized and greenization direction.

3.2 Influence of the development of the catering industry on other industries

With the recovery of some restaurants, it has also driven the development of many other industries. The catering industry is labor-intensive industries, which has the double function of both commodity and service consumption, so it has the characteristics of absorbing employment and highly industrial connection. It can effectively help the development of the planting industry, animal husbandry, aquaculture, processing industry and decoration industry. The consumption of cultural entertainment, tourism and leisure can also be stimulated.

3.3 The influence of other industries on the development of catering industry

For the new media industry, many catering businesses choose to use the short video platform or official micro-blog account to attract more people via introducing the development of the restaurant history and special dishes or introducing discounts and favorable activity. The most unusual thing is to teach people make dishes, which will not only arouse the interest of people, but also gain more exposure through the platform. Free publicity plus natural traffic equals hope of recovery. Besides, there are many industries also has impact on the catering industry, because they are all connected with each other, such as tourism will promote the consumption of local specialties and the planting industry will also react on the development of catering industry. People who work for different industries need to have meals every day, so we can see that all industries will influence the catering industry and bring the hope of recovery for catering industry.

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