

Analysis of Haidilao's Business Model and Market Performance: Research Based on Operating Data and Customer Satisfaction

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Abstract. This study takes Haidilao as the research object. Based on its operating data and customer satisfaction survey from 2023 to 2024, it systematically analyzes the business model and market performance of the enterprise. Research has found that Haidilao has built a unique competitive barrier through "ultimate service + vertical supply chain": personalized services have increased the proportion of repeat customers to 45% (the industry average is 27%), and the Shuhai supply chain has reduced the cost of ingredients by 12-15%. Data from 2024 shows that its refined operation has achieved remarkable results, with the table turnover rate rising to 4.1 times per day. However, the increase in the proportion of labor costs to 33% has become a new challenge. The paper innovatively proposes the "service-supply chain dual-wheel drive" model, providing a theoretical reference for the transformation and upgrading of catering enterprises. Meanwhile, it reveals the reconstructing effect of digitalization (the AI feedback system processes 3.4 million pieces of data) on the traditional service industry. The research has significant implications for understanding the internationalization path of Chinese service enterprises (with overseas revenue accounting for 3.6%).

Keywords: Haidilao, Business Model, Customer Satisfaction

1. Introduction

After the outbreak of the epidemic, China's catering industry has witnessed profound structural changes. In 2023, the total scale of the catering market has reached 5.2 trillion yuan, but the industry concentration is still less than 0.5%, presenting the characteristics of "big market, small enterprises." Against this backdrop, Haidilao, as a leading enterprise in the hot pot niche market, has significant research value for its continuous innovation in its business model. Most of the current existing studies focus on the analysis of a single dimension, such as Xu Kuankuan's exploration of the service profit chain or Yang Xinyu's research on the communication effect of social media. However, the systematic research on the synergy mechanism among "service, supply chain, and digitalization" is still insufficient.

Based on the latest operating data from 2023 to 2024, this article employs case study and quantitative analysis methods to explore the following three core issues: First, how can the service

innovation of Haidilao be transformed into measurable financial performance? Secondly, whether the supply chain advantages that the enterprise relies on have long-term sustainability; Thirdly, how does digital transformation reshape the operational logic and value creation path of traditional service industries? Through in-depth analysis of the above issues, this study will make up for the deficiency of the existing literature in the collaborative research on the "soft and hard power" of catering enterprises and provide a strategic basis for the high-quality development of the industry.

2. Haidilao's business model and core competitiveness

2.1. Service features and customer experience

Haidilao is renowned for its ultimate service experience. One of its core competencies is to enhance customer satisfaction through differentiated services. This is not only its brand label but also the core competitive barrier of its business model, upgrading the standardized process of traditional catering into a personalized emotional connection for each individual. Its service features are mainly reflected in the dual mechanisms of personalized services and employee empowerment culture.

2.1.1. Personalized service

Haidilao focuses on the segmentation and response to customer needs in our services, formulate differentiated strategies for different groups, and enhance the accuracy and humanization of the customer experience. For children, free toys and baby chairs are provided, and even an amusement park area is set up to reduce the dining pressure on parents. For the elderly, it is recommended to choose soft and tender dishes and have staff assist with meals (such as helping to cook meat). For special needs, such as preparing pot bases separately for customers with allergies or planning surprise performances for birthday customers. Haidilao has also integrated scenario-based value-added services into the dining process, such as offering free manicures, shoe shining, snacks, and beverages during waiting periods, transforming the queue into a "pre-experience" session. During meals, employees proactively observe customers' behaviors (such as frequently wiping sweat), offer ice towels, or adjust the air conditioning temperature.

More importantly, Haidilao promotes the intelligence and personalization of its services through digital tools. The membership system records customers' preferences (such as sauce pourings and frequently ordered dishes) and proactively recommends them when they visit the store again. Through the feedback analysis of the APP, the service strategy is dynamically adjusted (for example, a certain store added silent private rooms due to customers' complaints about noise). According to the "2023 China Catering Service White Paper," the proportion of repeat customers of Haidilao has reached 45%, far exceeding the industry average of 27%, and its personalized services have contributed to a 32% increase in satisfaction scores [1].

2.1.2. Employee empowerment culture

Front-line employees are granted the power to directly solve customers' problems (such as giving away dishes or offering free meals), thereby enhancing the speed of service response. The employee empowerment culture of Haidilao is an important support for its service differentiation. By granting front-line employees full decision-making power, it has achieved a dual improvement in service response speed and customer satisfaction. The core of this culture is reflected in the following aspects:

In actual operation, front-line waiters are authorized to directly solve problems for customers within a limit of 500 yuan (such as giving away dishes or offering free meals, etc.) without the need to consult the management. For instance, when customers are dissatisfied with the dishes, employees can immediately replace them or offer free meals to prevent complaints from escalating. At the same time, encourage employees to innovate services on the spot based on customer needs, such as cooking ginger soup for customers with colds, giving away steamed eggs or French fries on the spur of the moment for customers celebrating their birthdays, or adding the store manager's WeChat to get a small dessert for the next meal at the same store. Authorize employees to plan festival activities independently, etc. On a certain Qixi Festival, the store manager of a store in Beijing once saw a 40% increase in single-day sales by authorizing employees to independently plan "Qixi Couple Packages" [2].

In terms of organizational structure, Haidilao implements a flat management system. The hierarchy is simplified. The store only has two levels: "waiter and store manager." The store manager directly participates in the front-line service to ensure the shortest decision-making chain. The implementation of the "master-apprentice system" for training enables senior employees to gain promotion opportunities by mentoring new employees, thus creating a virtuous cycle where "the stronger the ability, the greater the authority." Haidilao focuses its development on the source of the service profit chain, striving to improve the service quality within the industry, continuously strengthening the internal marketing strategies of the enterprise, and enhancing the satisfaction and loyalty of employees through specific measures such as increasing the work authority of employees, providing better accommodation conditions for employees, improving salary and benefits, and creating a sound promotion mechanism. Haidilao believes that only outstanding employees can win over good customers and thereby increase the company's profits [3].

2.2. Supply chain management and cost control

Haidilao's supply chain system is not merely a traditional logistical support but rather the "central nervous system" of its business model. Quality control is achieved through vertical integration, efficiency is enhanced and costs are reduced through digital scheduling, and ultimately the saved resources are transformed into the core competitiveness of front-end services.

2.2.1. Vertical integration and regional collaboration

Shuhai Supply Chain, an independent supply chain company under Haidilao, comprehensively covers the entire process from ingredient procurement, processing, and warehousing to distribution, serving over a thousand stores across the country. Its core strategies include establishing direct cooperative relationships with the origin of food ingredients (such as mutton in Inner Mongolia and vegetable bases in Shandong), effectively avoiding the price increase in the middle links, and improving the procurement efficiency and cost control ability.

In addition, the hot pot base is uniformly produced and standardized for distribution by its subsidiary, Yihai International, which further ensures the consistency of food quality and taste, and significantly reduces the cost of raw material procurement. Through the "central kitchen model," that is, the pre-treatment of dishes, such as slicing Maotun and marinating beef, is all completed in the central kitchen. The store only needs simple assembly, reducing the demand for labor and kitchen area.

Haidilao has established a centralized procurement system and has direct procurement cooperation with over 200 high-quality ingredient bases worldwide. The procurement cost of core

ingredients such as beef is 12-15% lower than the market price [4]. The distributed warehousing network has established 7 cold chain logistics centers across the country, enabling food ingredients to reach stores directly within 24 hours and keeping the loss rate below 3% (the industry average is 8%) [5]. This standardized supply chain ensures uniform flavors in global stores. The cold chain's full-process temperature control keeps the freshness of ingredients highly up to standard, supporting the brand image of "food safety." At the same time, it can respond nimbly to market demands, shorten the R&D period of new products, such as capturing trends on social media, and the supply chain can quickly match raw materials.

2.2.2. Cost control

Haidilao's cost control strategy is mainly reflected in three aspects: scale effect, technological empowerment and human resource optimization.

First of all, large-scale centralized procurement reduces costs. By obtaining bargaining power through ultra-large-scale procurement, the cost is even lower than that of small and medium-sized hot pot restaurants. And sign long-term contracts with suppliers to lock in prices. Secondly, digitalization reduces losses. Utilize AI to implement demand forecasting, based on historical data, predict the flow of people in business districts, the usage of promotional activities, etc., to reduce the waste rate of food ingredients. Reduce expiration losses through RFID technology. In terms of human resources, Haidilao has reduced the number of staff in the kitchen by introducing automated equipment such as vegetable-cutting robots and dishwashers. During peak periods, part-time students are flexibly allocated to meet short-term labor demands, thereby achieving flexibility and controllability in labor costs.

Through the above measures, the cost advantage has successfully fed back into service innovation. The costs saved in the supply chain can be invested in personalized services (free manicures, complimentary vegetables). High turnover rate ensures cash flow and supports rapid expansion. On March 4, 2025, Haidilao announced that it would implement a franchise model for Haidilao restaurants, further accelerating the expansion of its restaurant network through a diversified business model [6].

2.3. Brand marketing

Haidilao has successfully shaped a young and highly interactive brand image through an innovative social media marketing strategy. Based on the SICAS model and in combination with the mechanisms, methods and contents of Haidilao's dissemination on social media platforms, brand communication in the social media environment is a nonlinear communication model that is user-centered, centered on communication and interaction, and features immediacy, two-way dissemination, three-dimensionality and dynamics [7].

In this communication model, user-generated content (UGC) has become an important engine driving brand communication. Haidilao has successfully transformed customers' "service experience" into shareable content resources, and through the "service dramatization" strategy, it involves communication points that can attract attention and be shared. For instance, differentiated services such as "birthday dance," DIY popular eating methods (like tomato beef rice, bell roll wrapped shrimp paste), and free manicures naturally have the attribute of short video dissemination. Customers will voluntarily shoot and upload them to platforms like Douyin, Xiaohongshu, and Weibo. The Douyin topic "# Hidden Ways to Eat at Haidilao" has been viewed over several billion

times, and there are over a million related notes on Xiaohongshu, all contributed voluntarily by users.

Meanwhile, Haidilao has transformed its catering services into social currency that consumers are willing to show off. For instance, folding a thousand paper cranes as cash when waiting in line, free snack bars, claw dolls, and free photo printing can turn waiting time into a check-in experience, reducing negative emotions and increasing the desire to share. There are also customized interactions, such as placing companion eating dolls for customers dining alone and giving pregnant women mother and baby gift packages, etc. These "personalized services" start from emotional resonance and sharing behaviors, increasing user stickiness. Research shows that Haidilao is the restaurant brand with the highest frequency of spontaneous photography by users.

Haidilao also attaches great importance to crisis public relations and reputation maintenance, and can respond quickly and communicate emotionally. Social media complaints will receive a private message of apology from the store within 30 minutes, along with a compensation gift. In addition, the accounts of regional managers (senior executives) have been made more accessible. Through Douyin live streaming, they "patrol the kitchen" to enhance trust through transparency.

3. Analysis of Haidilao's market performance

3.1. Financial and operational performance

In 2024, Haidilao recorded total revenue of 42.755 billion yuan, a 3.1% year-on-year increase, mainly driven by a 2.9% rise in restaurant operations and growth in food delivery and franchising. Restaurant operations remained the core business, contributing 94.5% of total revenue. Net profit reached 4.7 billion yuan, up 4.6%, with the profit margin improving slightly to 11.0%.

Operational efficiency improved, as the daily table turnover rate rose from 3.8 in 2023 to 4.1 in 2024, boosting same-store sales by 1.7%. The supply chain upgrade reduced raw material costs from 40.9% to 37.9%, though labor costs increased to 33.0% due to higher employee compensation. Third-tier and lower-tier cities led in growth, with a 6.7% revenue increase. Hong Kong, Macao, and Taiwan maintained strong performance with high per capita spending (199.7 yuan) and turnover rate (4.3/day).

Haidilao opened 62 new stores (including 3 franchises) and closed or relocated 70 underperforming locations, stabilizing its total store count at 1,368. Newly opened stores averaged a turnover rate of 4.4 per day. The refined operational strategy marks a shift from expansion to efficiency.

Digitally, Haidilao enhanced data-driven management through an AI-powered post-meal evaluation system, processing over 3.4 million customer reviews with an 88% follow-up rate, reducing churn. The "dual store manager" model and performance-linked wages strengthened employee engagement by tying satisfaction metrics directly to compensation, supporting ongoing operational improvements.

3.2. Customer satisfaction and market reputation

In 2024, Haidilao continued to prioritize customer satisfaction as its core metric, enhancing service quality through various innovations. Over 3.4 million customer feedback entries were collected, with an average follow-up rate of 88%, significantly improving retention. The AI-powered post-meal evaluation system enabled targeted improvements in product, service, hygiene, and environment.

The newly launched “Dedicated Customer Manager” system strengthened customer interaction, while Haidilao’s personalized service offerings—tailored for different customer groups—further elevated satisfaction. These efforts helped the company maintain a leading position in third-party satisfaction surveys.

Haidilao’s brand reputation is built primarily through word-of-mouth rather than paid advertising [8], reducing promotional costs while enhancing authenticity and reach. Its rapid social media response mechanism—resolving complaints within 30 minutes—also protects brand image. Word-of-mouth effects are especially notable in lower-tier cities, where new customer growth increased by 2.3 percentage points year-on-year, reflecting rising brand recognition in broader markets.

3.3. Analysis of overseas market performance

While continuing its differentiated strategy in mainland China, Haidilao pursued localized operations abroad [9]. In 2024, its overseas revenue—including Hong Kong, Macao, and Taiwan—rose 5.6% to 1.446 billion yuan, accounting for 3.6% of total revenue. The 23 stores in Hong Kong, Macao, and Taiwan led overseas profits, driven by localized offerings like “night market hot pot + tea drinks,” which appealed to younger consumers.

In Southeast Asia, operational efficiency improved through a forward-deployed supply chain. Central kitchen coverage in Singapore and Malaysia reached 90%, reducing ingredient costs by 18% compared to North America. The Clarke Quay store in Singapore recorded over 30 million yuan in annual revenue.

In contrast, high labor costs in Europe and North America—42% of revenue—led to the closure of two unprofitable UK stores. However, the Los Angeles store achieved success with a “small hot pot + takeout” model, with takeout accounting for 35% of orders, becoming a digital operations benchmark.

Haidilao applied a “30% standardization + 70% localization” strategy abroad. For example, Indonesian outlets launched sambal pot bases, Canadian stores introduced maple pork, and halal-certified branches were established for Muslim consumers. These, along with the AI-powered global supply chain dispatch system, raised overseas inventory turnover to 5.8 times annually while keeping cold chain loss below 2.3%. Nonetheless, rising labor costs and intensified competition in emerging markets indicate that future overseas expansion will emphasize quality over speed.

4. SWOT analysis of overseas market performance: opportunities and challenges for Haidilao

4.1. Strength

The most core competitive advantage of Haidilao lies in its unique service system. Through the model of “personalized service + employee empowerment culture,” enterprises have built competitive barriers that are difficult to replicate. The operational data for 2024 shows that its proportion of repeat customers is as high as 45%, far exceeding the industry average of 27%. This advantage is not only reflected in customer loyalty, but also transformed into actual business benefits. The contribution rate of personalized services to the improvement of satisfaction reaches 32%. Another significant advantage is the vertically integrated supply chain system. Through the collaborative operation of Shuhai Supply Chain and Yihai International, the enterprise has successfully controlled the cost of core ingredients at a level 12-15% lower than the market price, and the cold chain loss rate is only one-third of the industry average. These advantages jointly support Haidilao's leading position in the fierce market competition.

4.2. Weakness

However, Haidilao is also facing some development bottlenecks. The most prominent issue is the continuously rising pressure of labor costs. In 2024, the proportion of employee costs has risen to 33%, and in overseas markets, this proportion is as high as 42%. Although the "piece-rate wage + high welfare" model has effectively motivated employees, it has also brought a heavy cost burden. Another potential risk comes from the newly launched franchise system. Although 13 franchise stores have completed the pilot program in 2024, the consistency guarantee mechanism for service quality still needs time to be verified. Furthermore, traditional marketing innovations such as "hidden eating methods" have shown a significant decline in market popularity, reflecting consumers' aesthetic fatigue with the existing innovative models.

4.3. Opportunities

In terms of market opportunities, the lower-tier markets have demonstrated tremendous potential. Data shows that the table turnover rate of stores in third-tier and lower-tier cities has increased by 11%, and they have a significant advantage in operating costs, with rents 40% lower than those in first-tier cities. This provides a broad space for the new model of "county-level franchise + small-scale stores." In terms of overseas markets, among the hot pot brands that have gone global, Tehai International is currently the chain brand with the largest number of stores [10]. The Muslim catering market in Southeast Asia is expanding at an annual growth rate of 18%, and the halal certification system established by Haidilao can be quickly replicated. What is more worthy of attention is the extended value of the supply chain business. Referring to the Sysco model in the United States, Haidilao's supply chain system has the potential to open services to third parties, and the gross profit margin during the trial operation period has reached 25%.

4.4. Threats

Market challenges cannot be ignored either. The trend of consumption stratification is becoming increasingly evident. In 2024, per capita consumption is expected to decline by 1.6%, reflecting an increase in consumers' price sensitivity. This contradicts Haidilao's long-standing "service premium" model. With the intensification of regional market competition, emerging brands like Banu Hot Pot are diverting their core customer base of 20 to 35-year-old in second- and third-tier cities through a "productism" strategy. Compliance costs in the process of internationalization are also on the rise. The new EU regulations require the completion of supply chain carbon footprint certification by 2025, which is expected to increase the operating costs of overseas stores by 8-12%.

5. Conclusion

This study, through a systematic analysis of Haidilao's business model and market performance, has drawn three core conclusions: Firstly, the "emotional service + precise supply chain" dual-wheel drive model constructed by the enterprise has strong replication barriers. Its 45% proportion of repeat customers and 32% contribution rate of service innovation verify the effectiveness of this model. Secondly, the application of digital tools (such as AI evaluation systems) has made the refined operation of traditional service industries possible. The real-time processing capacity of 3.4 million feedback data has significantly enhanced management efficiency. However, the research also found that the rising labor costs (accounting for 33%) and the quality control of franchise expansion are the contradiction points that need to be urgently addressed.

This article has two limitations: First, it mainly relies on the annual report data of enterprises and lacks micro-research at the consumer level; The second issue is the insufficient depth of the analysis of localization strategies for overseas markets. Future research can break through in three directions: (1) Construct a quantitative correlation model between service innovation and financial performance; (2) compare the balance points between service standardization and localization in different cultural backgrounds and (3) explore the potential of automation technologies (such as service robots) to transform the structure of human resource costs. These studies will contribute to improving the management theory system of service-oriented enterprises.

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