

Research on the Development of the Catering Industry in the Context of the Digital Economy

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Abstract. As a new economic form succeeding the agricultural and industrial economies, the digital economy is restructuring the global industrial landscape at an unprecedented speed. Shedding light over the changing landscape sourced from the arising digital technology and its marketised application, this paper focuses on the development of the catering industry in the context of the digital economy. Through a literature review and SWOT analysis, it deeply explores the current status, strengths, weaknesses, opportunities, and threats of the digital transformation in the catering sector. The research finds that the digital economy not only breaks the temporal and spatial constraints of traditional dining but also improves operational efficiency through online operations, platformization, and intelligence. However, high platform commission fees compress profit margins, and homogeneous competition is intensifying. Addressing these issues, this paper proposes corresponding strategies and policy recommendations to provide a reference for the digital, intelligent, and high-quality development of the catering industry.

Keywords: Digital Economy, Catering Industry, Digital Transformation, SWOT Analysis, Platform Economy

1. Introduction

The digital economy is a new kind of economic form. It comes after agricultural economy and industrial economy. New technology changes push its growth. Data is its most important resource, and digital technology gives it main power. It changes worldwide industry structures and economic running rules faster than ever before. It has many special points that old industrial economic forms do not have.

The digital economy brings more and more help to economic growth. Around the whole world, it makes up more than 45 percent of total GDP. Its speed of growth is much faster than traditional economic sectors. In China, the digital economy takes up 41.5 percent of the country's GDP. Between 2012 and 2022, the size of China's digital economy became 4.5 times larger. It supplied more than 70 percent power for GDP growth, so it can hold back the slowdown of national economy. But after public health troubles hit China in 2020, the food and restaurant business started to go down and moved into a slow developing period. For example, food delivery apps compete too hard with each other. This makes shop owners earn less money. At the same time, costs for food materials, workers and store rent keep going up. Still, the restaurant trade is very important to

encourage people to buy goods. It also greatly affects how happy local people feel in daily life. How can we make the catering business develop well again? How can we use the digital economy, which belongs to the new age, to help catering businesses change their ways of working? Can digital tools and smart systems push old catering shops to complete this change?

This article will read and organize past studies about digital economy and catering industry development. It will sum up old ideas and real-world cases to build a clear theoretical base for this research. Besides, the paper will carefully look into how China's digital economy grew step by step. It explains its developing road, main features and great results, so readers can know how it changes catering trade. With real examples, this text will fully talk about good chances and difficult problems for restaurants under digital economy. It will also put forward useful plans and government advice for digital upgrades. This study mainly uses SWOT analysis. It lists all strong points, weak sides, good chances and hidden risks of catering businesses in the digital age. In this way, it offers clear steps to help the whole industry change and improve itself.

2. Literature review

The literature most closely related to this study similarly explores the development of the catering industry in the context of the digital economy. Jiang and Wu [1] investigated the transformation and upgrading paths of catering enterprises under the new business formats of the digital economy. Liu [2] comprehensively analyzed the connotation, value, and specific paths of the digital transformation of the catering industry. Li [3] proposed specific countermeasures to promote the digital transformation of the catering sector. Zhou and Wang [4] researched enterprise operations and service innovation management under the digital economy.

Furthermore, literature focusing on the digital transformation or the application of digital technologies in the catering industry is also relevant to this paper. Xu et al. [5] studied the application of digital technology in the supply chain of the catering industry, emphasizing the enhancement of supply chain efficiency through digitalization. Gu and Zhang [6], based on a value chain perspective, explored the digital transformation strategies of enterprises using Xibei Catering Group as an example. Lv [7] discussed the development of intelligent chain catering models. Mei [8] analyzed the marketing strategies of catering enterprises under new trends.

In addition, some studies did not start from the background of the digital economy but explored the development of the catering industry from other dimensions. Chen [9] as well as Bai and Xue [10] respectively studied the cost control issues of catering enterprises under the digital economy, pointing out the importance of cost control in digital transformation. Yan and Gu [11], taking Baoding City as an example, studied the optimization of food delivery consumption under the digital economy.

Finally, literature also related to this study explores the development of other business formats under the digital economy. Chen [12] discussed the optimal transformation and labor reform of high-star hotels empowered by the digital economy. Wu and Zhang [13] researched the digitalization and employment ecology of life service platforms.

Based on the above literature review, this paper proposes three marginal contributions to existing research. First, it adopts a comprehensive SWOT framework to systematically evaluate the digital economy's dual positive and negative impacts on the catering industry. It remedies the one-sided analysis of most existing studies and forms a complete evaluation logic for industrial digital transformation. Second, different from mainstream supply-side research, it incorporates the emerging "lazy economy" and "lonely economy" to build a new demand-side perspective, explaining how new consumption trends drive catering digital innovation and enriching relevant

theoretical research. Third, targeting practical pain points including excessive platform commissions and industrial involution, it puts forward targeted, operable policy and enterprise strategies, effectively connecting theoretical research with industrial practice.

3. SWOT analysis

SWOT analysis is a common tool for making long-term business plans. It lets people check a company's inner good points and weak points, as well as outside chances and hidden risks in an organized way. This tool first appeared in business management lessons. It gives people a clear fixed structure to study the market environment and judge the whole business situation. When we split all factors into these four parts, people who make business choices can match their own skills with real market situations outside. This makes it easier to work out proper development plans. The biggest advantage of this method is that it is easy to understand and covers all related sides of a problem. So it can be used in many different research areas, such as studies about industry upgrades. In these studies, it helps researchers find a business's competitive place and work out practical ways to keep developing well when the outside world keeps changing.

3.1. Strengths

Online food businesses can break the limits of place and time for customers eating inside restaurants. The digital economy makes use of data, online service platforms and modern tech tools. It moves food services out of fixed restaurant locations and set business hours, and creates a digital space full of new chances. If we look at place limits first, old restaurant shops can only welcome guests who live within a short distance of their stores. But in the digital economy, online platforms like Meituan and Ele.me have built large online food markets and quick delivery systems. These services greatly widen the areas restaurants can reach their customers. Next, when we talk about time limits, traditional food shops can only work for a fixed period each day. Yet after restaurants make changes under digital trends, new service forms appear. People can book tables and order food online at any hour of the day. Pre-made meals and half-finished food also become popular, and all these services break old time limits. Getting free from the place and time rules of eating in restaurants is one big advantage in the digital economy age. It helps food businesses earn money from more sources, deal better with market risks, and open much larger market space without clear boundaries.

3.2. Weaknesses

Dividing the profit margins of the catering industry. Although digital platforms have brought immense traffic and orders to catering enterprises, exorbitant platform commissions and marketing fees have severely squeezed merchants' profit margins. Many small and medium-sized catering enterprises find themselves in a disadvantaged position when bargaining with large food delivery platforms like Meituan and Ele.me, forcing them to accept commission rates of 15% to 25% or even higher. Chen [9] points out in her study that while the digital economy brings convenience, it also increases the hidden costs for catering enterprises in terms of platform onboarding, traffic purchasing, and delivery services. This phenomenon of "losing money to earn a shout" leads many physical stores into a predicament where revenue increases but profits do not. High platform commissions not only weaken the profitability of catering enterprises but also limit their investment

in dish research and development, service enhancement, and employee welfare, becoming a major weakness restricting the sustainable development of the catering industry.

3.3. Opportunities

The prevalence of the "lazy economy" and "lonely economy." With the accelerating pace of modern social life and the shifting lifestyle concepts of young people, the "lazy economy" and "lonely economy" have gradually become new driving forces for consumption. Millennials and Generation Z consumers are more inclined to resolve their daily dietary needs through food delivery platforms to save time for work, entertainment, or rest. Concurrently, with the increase in the solo-living population, the demand for the "dining for one" market is expanding rapidly. Yan and Gu [11] also confirmed this trend in their study on the optimization of food delivery consumption. The digital economy provides perfect technical support for meeting these personalized and fragmented needs. Catering enterprises can use big data analysis to accurately capture consumer preferences, launching customized single-person combo meals, semi-finished dishes, or providing more convenient delivery services. The prevalence of the "lazy economy" and "lonely economy" opens up a vast incremental market for the catering industry in the context of the digital economy, providing excellent opportunities for product innovation and service upgrading.

3.4. Threats

New fluctuations and shocks. While the digital economy empowers the catering industry, it also brings unprecedented challenges and threats. The first is the intensification of homogeneous competition; digitalization makes dish recipes and marketing methods easily imitable, causing the industry to fall into a vicious cycle of low-price involution. Secondly, data security and privacy protection have become the Sword of Damocles hanging over catering enterprises; the collection and use of massive consumer data increase the risk of data breaches. Furthermore, the influx of cross-sector competitors (such as fresh food e-commerce platforms and convenience stores launching ready-to-eat meals) poses a multi-dimensional strike against traditional catering enterprises. Jiang and Wu [1] emphasize that under the new business formats of the digital economy, catering enterprises will face the risk of market elimination if they fail to transform and upgrade in a timely manner. These drastic changes in the market environment, elevated technological thresholds, and compliance risks brought about by digitalization constitute severe threats that the catering industry must face directly in the digital economy era.

4. Conclusion

Through a literature review and SWOT analysis, this paper draws the following main conclusions: The digital economy has become the core driving force promoting the transformation and upgrading of China's catering industry. Digital technology has effectively broken the spatial and temporal constraints of traditional catering, expanding market boundaries; new consumption trends such as the "lazy economy" and "lonely economy" have brought new growth opportunities to the industry. However, while enjoying the digital dividends, catering enterprises also face internal weaknesses such as high platform commissions compressing profits, as well as external threats like homogeneous competition and data security risks. The digital transformation of the catering industry is a systematic project evolving from online operations and platformization to intelligence.

We can draw ideas from all the analysis above, so here are several useful suggestions for government rules and real business work. First, the country should manage online platforms well and cut down business costs for restaurant owners. Government departments in charge need to watch food delivery platforms closely to stop unfair market control. They should lead these platforms to charge service fees at proper levels and make clear, fair payment rules. This way, small and medium restaurant shops can keep their legal benefits safe. Second, food shops should update their work with smart tools to become more competitive. Restaurant owners need to accept new modern technology willingly. They can use large amounts of user information and AI tools to better control food supply chains and send special sales information to suitable buyers. Shops can also try auto machines like robot cookers and self-service ordering tools. These machines help spend less money on workers and make daily work faster. Third, create new food and service types to match people's new shopping habits. Many customers want single-person meals and easy takeaway food, so restaurants can make many kinds of new food choices, including nice pre-made dishes and set meals for one person. These changes will let customers have a better eating experience. Fourth, keep users' information safe and follow official rules strictly. While restaurants carry out digital changes, they must take customers' private information very seriously. They need to build complete rules to protect data and stop private information from being stolen or leaked.

Future research can further utilize quantitative analysis methods to empirically test the specific impact mechanisms of digital transformation on the performance of catering enterprises. Meanwhile, with the application of large artificial intelligence models in vertical domains, exploring the deep integration model of "AI + Catering" and its long-term impact on the industry's employment ecology will be a highly valuable research direction.

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