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Application of modern hospitality management practices in China's time-honored restaurants

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APPLICATION OF MODERN HOSPITALITY MANAGEMENT
PRACTICES IN CHINA'S TIME-HONORED RESTAURANTS

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Abstract

“Time-honored” catering enterprises in China are currently facing severe tests as well as a rare opportunity to grow in market competition. Among catering businesses and those in academic circles, the common concern is how to take opportunities and use them to grow quickly. This study will use the SWOT model to analyze the present situation of China’s time-honored catering enterprises and will examine catering management techniques to find the optimum operational mechanisms to assist them. This will promote survival and growth of time-honored catering enterprises and provide a theoretical basis for the Chinese government's relevant policy decisions.

The purpose of this study is to provide China Time-Honored restaurants with a method to increase their competitiveness through the application of current hospitality industry standards of effective management and marketing methods.

Acknowledgements

My parents own a fine dining restaurant in China. Even when I was a young boy, I often heard my parents discuss their business. I like watching them train employees how to serve customers better, and especially enjoyed watching the chefs cook the delicious food. The chefs looked like artists when they were cooking. My family history influenced my decision to work in this industry. After I graduate from UNLV, my goal is to own a fine dining restaurant in China and operate it by myself. These are the reasons that I am interested in China's Time-Honored restaurants.

At UNLV, I have gained a strong knowledge base of advanced hospitality management techniques and learned the best practices of the food and beverage industry. In class, I learned how to design menus, how to engineer menus and how to manage inventory. I have learned advanced hospitality management in school; I wish to apply these techniques and practices in China Time-Honored restaurants to provide useful suggestions. I have also had the opportunity to meet industry mentors who helped shape my career. For the academic knowledge I gained, I thank the many professors from whom I have had the privilege of learning.

This professional paper came into fruition with to the assistance of Dr. Brewer, whom I sincerely thank for introducing me to this topic. I am also grateful to Dr. Yen Soon Kim, Assistant Professor of Food and Beverage management, for his invaluable support throughout the writing process. For his valuable advice, and for reading through many of the drafts, I send my heartfelt thanks. Finally, I wish to thank my committee members, Dr. Brewer, Dr. Kim, and Dr. Love for taking the time to help me with this paper.

CHAPTER I

Introduction

China's Time-Honored restaurant brands are the most famous industry among Chinese historical brands. Food is the most important basic factor in human life and development, and Chinese diet culture has developed greatly in China's history; thus, diet has a very prudent position in Chinese life and opinions.

China's Time-Honored restaurants are a part of its precious historical heritage. However, famous brands sometimes slump, and mere survival creates a need to find new directions to develop. These restaurants are facing severe tests and rare opportunity to grow in a furious market competition. A common concern of catering businesses and academics is how to take advantage of this opportunity and grow quickly. This article uses SWOT analysis to analyze the present situation of Time-Honored catering enterprises and proposes an optimum operational mechanism by examining a reference of modern catering management experiences. This will promote survive and growth among Time-Honored catering enterprises and provide a theoretical basis and relevance for the government's policy decision. This study tries to save China's Time-Honored catering business and hopes that it will promote their development.

Purpose

The purpose of this study is to provide China's Time-Honored restaurants with the ability to increase their competitiveness by applying marketing methods and the current hospitality industry standards of effective management.

Statement of Problem

Although these Time-Honored restaurants have a long history and a good reputation, the globalization of China's catering market brings severe challenges to the survival of these time-honored shops. First, attracted by lucrative profits and great potentialities, many emerging catering enterprises have poured into the catering market and a number of them have occupied

market positions. Emerging catering enterprises, which are characterized by the Sichuan, Shandong, and Guangdong cuisines that are commonly seen on streets of Beijing. Li Xiang Wu (2006) stated that the Western fast-food industry, which is represented by KFC and McDonald's, has begun to make scale and seeks to occupy the market in large scale. For example, in the Xuanwu district of Beijing, 38 of 45 time-honored catering enterprises have closed and three of them have moved, which leaves only four of them still open. These enterprises need to improve their management and operations standards to increase their ability to compete ability in China's catering market.

Statement of objective

- (a) Research Time-Honored restaurants, analyze the problems presented by their management and operation practices, and learn successful experiences from advances in the hospitality industry.
- (b) Provide useful management suggestions to China's Time-Honored restaurants.

Justification

China has a well-developed catering culture and a long history of developing catering enterprises. Many famous catering enterprises have been created during the developmental process, some famous catering enterprises can survive and develop in long-term among market competition and become time-honored shops. A number of Time-Honored shops established in the nineteenth century are still familiar to people, such as the Quan Jv De brand, which was created in 1848 during the 3rd year of the Tongzhi period's Qing dynasty, and the Hong Bin Lou brand, which was created in 1835 during the Qing dynasty. Other famous catering enterprises are Fang Shan, Feng Ze Yuan, Lao Zheng Xing, and Tong Chun Yuan.

The huge catering market in China has allowed many Time-Honored catering enterprises to rise, but globalization of China's catering market brings severe challenges to the survival of

such Time-Honored shops. Many emerging local catering enterprises have poured into the catering market and a number of them have occupied market. The Western fast-food industry, which is represented by KFC and McDonald's, has started to make scale and occupy the market in large scale. Many Time-Honored catering enterprises either have disappeared from view or are still struggling in a market filled with severe competition after launching reform and using an open policy.

Certainly, some Time-Honored catering enterprises can seize the rare opportunity to grow and implement fast growth themselves. For example, during the 2008 Olympic games that China recently held, Quan Jv De attracted sales with the pitches "He who has never been to the Great Wall is not a true man" and "It is really a regret not to eat Quan Jv De roast duck." Combined with the joint efforts of Quan Jv De's staff and the support of the relevant government administrations, Quan Jv De roast duck became one of the Olympic dishes and was greatly welcomed by the athletes and tourists who came from all over the world. Eventually, Quan Jv De roast duck came to be in short supply, and Quan Jv De created not only considerable revenue but also huge brand awareness.

It can be seen that Time-Honored catering enterprises are facing severe tests to its survival abilities; however, this offers the enterprises the opportunity to participate in a growth market. The major concern of both the hotel industry and academics is how to define the present survival situation of Time-Honored catering enterprises objectively and systematically and create good growth mechanisms that enable Time-Honored catering enterprises to seize this opportunity and grow quickly.

CHAPTER II

Introduction

Most of Chinese domestic research status aspects viewed below are from current references. The first are monograph literatures and books that tidy up the history of China's Time-Honored brands by recording their historical evolution, drawing conclusions on the characteristics of their management, and publishing a great deal of rarely-seen historical materials, such as *Chinese Historical Brands* and *Historical Brand Today*, among others. The second are monograph literatures on China's Time-Honored brands from a variety of sources, such as the *Beijing Time-Honored Restaurant*, and *The Legend of the Shang Hai Time-Honored Restaurant*. The third are monograph literatures on management recipes and approaches used by successful Time-Honored brands. These literatures include *The Secret Operation of Beijing's Time-Honored Restaurants* and *The Culture of Nangjing's Time-Honored Restaurant*, which are mostly monographs about China's Time-Honored Brand. These literatures did not provide operation and management suggestions for improving China's Time-Honored catering businesses.

Literature Review

The Department of Business of China defines the features of the Time-Honored brand in China's restaurant industry: it values the display of the Chinese culture's creativity, while staying within traditional Chinese culture and the cultural background of the region, as well as the commercial and cultural value beginning operations prior to 1956. These restaurants have more than 50 years of business history and offer a unique product, diet, or operational characteristic that is inherited from generation to generation. These Time-Honored restaurants prepare delicious consumer food and offer customers many kinds of diet choices. They generate broad recognition in society and maintain a good business reputation for products, sales and services, while conforming to the rules of operating a catering enterprise or a catering products brand provided by the relevant government agency of the People's Republic of China.

Zhang WenJing (2007) noted that beneath the social environment created by China's Time-Honored brands crisis, it was not unusual to see the rise of the historic Saving the Old Brands movement and related articles; however, participation by academics was neither all-round nor positive. In particular, as for researching the future development of China's Time-Honored brands, the situation in China is far from perfect and no overseas research on the achievements of Chinese Old Brands in the catering industry exists. Despite this, details can be found concerning the culture of China's Time-Honored brands in the catering industry from articles in periodicals and related materials. The main theses and periodical articles related to China's Time-Honored and Old Restaurant brands are as follows:

The History of Chinese Food, which was edited by Xu Hai-rong, deals with the historical aspects of China's restaurant industry and introduces the overall development of China's restaurant industry during every phase of its history. *The Complete Famous Shops of China's Restaurant Industry*, which was edited by Lin Ze, describes the origin of different Time-Honored brands. *The Franchise Chain and Chain Operation Mode of McDonald's* by Ma Jue-chen and

The Way Of Franchise Chain In KFC by Dong An-bang specifically analyze the successful pattern of these famous US fast-food chains.

Xu Xiang Qian (2005) stated that China's Time-Honored brand has a long history, and has gone through three large shocks that include the public-private joint management in 1950s, the Cultural Revolution in 1970s and the market-oriented economy in 1990s, nowadays there are still many Time-Honored brand companies suffering in the shock of the market economy. We have witnessed the critical condition that China's Time-Honored brand has faced. Of the more than 1,600 Time-Honored branded companies recognized by the Ministry of Commerce, more than eighty percent were in the catering industry; however, of the 1600 companies, only ten percent had effective operation. Consequently, we can say that China's Time-Honored brand has faced problems and challenges during this stage that are unprecedented. Since the implementation of reform and instituting open policies, China's catering industry has steadily increased its contribution to the total economy and has gradually become the backbone of the promotion of the development of this tertiary industry.

Wang Jun (2002) pointed out that since China's accession to the WTO, its catering industry has faced a crisis and other less severe challenges. Therefore, the Chinese community, experts, and researchers carried out a large amount of research work on the Time-Honored brand's policies and the development of its direction. The results of their research-based papers have provided this paper with academic resources to reference. Moreover, with China's economic development, a great deal of research into various academic and cultural aspects has been undertaken.

QI Yundong(2008) did a research about the competence of China's "Time-Honored" restaurant brand. Generally the competitive power is the constitution level, mainly includes technological competitiveness, service competitiveness, marketing competitiveness; Some foundation essential factor for the central resources level, mainly includes the brand, the prestige, the talented person, the core technologies secret (secret recipe),the patent and the marketing channel and so on

essential factor non-physical resources and by raw material, the core product and the fund, the production equipment, the house, the land primarily and so on material resource primarily.

Fu Yong (2004) found that an out-of-date operational concept combined with a lack of business strategy and poor brand management has caused China's Time-Honored catering businesses to decline.

Cuiwen Dan and Jun-Bo Xu (2002) used their advanced experience with foreign catering enterprises to provide some suggestions for China's Time-Honored restaurants. They pointed out that Time-Honored restaurants lacked an employee training system.

Li Xiang-Wu (2008) performed research about the main reasons for the operational troubles of China's Time-Honored branded companies. Time-Honored restaurants' first management philosophy is "only one." They think that uniqueness is their operational advantage because in the culture of Chinese cuisine, Time-Honored restaurants represent their local food culture. They think that if they open stores in other locations, people would think that the other stores were not as good as the original store. Their second marketing philosophy is "Good wine needs no bush." This is a marketing philosophy long-held by China's Time-Honored catering business enterprises, in which they believe that if they just cook the food well, there is no need to spend time or resources on marketing. They rely on the legend of their cuisine culture to attract customers and ignore the importance of marketing. Increasing advertisements by other catering enterprises had decreased the effectiveness of Time-Honored restaurants' legendary promotion of their catering business.

Zhang Xiaoyang and Jin Li (2002) pointed out that a Time-Honored restaurant's concept of profit is being satisfied with becoming well-to-do, and the majority of Time-Honored restaurants do not try to expand their businesses. They feel satisfied about their businesses, they do not want to increase the scale of their businesses, invest in opening more restaurants, or promote their businesses through advertisements.

Wu Danshu (2002) noted that their service is “grave and [has a] lack of fervor.” The owners of Time-Honored restaurants feel that their long history, good social reputation, and delicious food are their advantages; consequently, they do not focus on improving their service. They believe that even if their service is poor, their famous brand will still attract consumers.

Ma Jun-Chen (1999) stated that like many companies with problems in its business system, they maintain an old organizational structure that does not perform very well in today's market due to serious deficiencies in its enterprise system. The insufficient competitive strength of the system Time-Honored employs is more obviously indicated in its property rights system. For example, although many Time-Honored catering enterprises realized a diversity of equities after joint-stock reorganization, the State's share accounts for approximately 15% to 50% stock. Meanwhile, the state-owned asset management system is flawed in that that the enterprises are still subject to a number of administrative interventions that weaken the enterprises' main characteristics.

Jin Gangzhu and Zhang Zhijun (2002) noted that the handicraft mode does not have superiority in today's automation and information driven market economy; in addition, many emerging catering enterprises have entered the Chinese market and world-renowned restaurants, such as KFC and McDonald's have stepped forward and penetrated the Chinese market. Many Time-Honored catering enterprises, including Beijing cuisine and Shandong cuisine, have already been eliminated, while those who remain are finding that it is increasingly hard to avoid being eliminated.

Qiu Zhiqiang (2004) noted that China's Time-Honored catering business enterprise should cooperate with international businesses seeking to enter the Chinese market. This would be a great way to become skilled at the latest management tech advances employed by famous food companies. In 1998, the Quanjude Group agreed to a brand marriage and established a cooperative relationship with Germany's Ferdinand Pieroth Wine Group, which established its business more than 300 years ago. The Quanjude Group introduced red and white

Quanjudu-Pieroth wines to the Chinese market. The brand marriage between these two long-lasting and globally famous enterprises was amplified by the effect of the combination of their brands. Zhiqiang also brought up an important question about brand protection, which is an issue Time-Honored often ignores. A number of Time-Honored individual restaurants do not register their brand or the names of their famous dishes, which allows other catering enterprises to use their brand and dish names to create a profit. Time-Honored restaurants could learn the importance of brand protection from the Quan Jude Corporation. The Quanjudu Group formulated a series of rules to manage intangible assets that enabled it to establish intangible asset management organizations and perennial legal counselor systems. In China, the Quanjudu Group registered a Quanjudu trademark at the State Administration for Industry and Commerce. The scope of its registration covered 97 items in 25 classes. In addition, the Quanjudu Group registered a Quanjudu trademark in 29 other countries and districts, such as the United States of America, Japan, France, Germany, Britain, Russia, Canada, Australia, Italy, and Hong Kong, so it could manage and protect the Quanjudu trademark uniformly and efficiently at home and abroad.

Fu Yong (2005) noted that consumption demand has changed due to increases in the kind of products that the Time-Honored brand produces. In addition, Yong found that the law lacks trademark consciousness and brand awareness, which results in a market full of fake goods. Furthermore, the Time-Honored restaurant's legal framework was defective, its market mechanism was imperfect, and it did not effectively employ the law and regulations to protect the Time-Honored brand. Urban renewal has also affected the Time-Honored brand because many Time-Honored restaurants have been demolished and moved to the outskirts of the cities they serve. For example, the five direct sales stores of Beijing's Paddy-Sweet Cottage that were located in areas, such as Dongzhimen and Xizhimen no longer exist due to demolition.

Cuiwen Dan and Jun-Bo Xu (2002) suggested that an important link in the chain of operation is to establish a strong system of uniform distribution. After the Quanjudu Group made great efforts to establish the Quanjudu Distribution Center, it obtained ISO9001 Certification in

the year 2000. Therefore, the Qianjude Group improved the quality of its uniform distribution. Currently, the Qianjude Distribution Center distributes crude duck, lotus leaf like pancakes and sauce uniformly and the Qianjude Group plans to expand into the chain stores of other provinces and foreign countries as soon as possible.

Zhang Xiaoyang and Jin Li (2002) noted that the Qianjude Group established a cooperative relationship with Beijing's Post Office to introduce its 185 Qianjude Roasted Duck Express business. This interaction and mutual assistance between two brands not only allowed capital people enjoy the quality and service of these famous enterprises, but also the scope of service offered by the Qianjude Group expanded and it accumulated precious experience in improving its service.

Conclusion

The greatest weakness of the monograph materials mentioned above is that they mainly sort out the content of China's Time-Honored brands. The theses and periodical materials have a strong relationship with the selected topic and make a strong point, which is that the process of researching and analyzing related documents can help one locate the key clue to studying the Time-Honored restaurant industry's present status and identifying the direction it needs to take in the future development of Chinese Old Brands, including the old restaurant brands.

CHAPTER III

Introduction

This section contains a deep, SWOT model analysis of Time-Honored catering enterprises' present situation. In addition, famous catering companies, such as McDonald's and KFC, have experienced success, which represents the advance of modern hospitality management in this industry. Their experiences could inspire China's Time-Honored catering enterprises to improve their management and operations performance.

SWOT Analysis

SWOT analysis is a strategic planning method used to evaluate the Strengths, Weaknesses, Opportunities, and Threats present in a proposed project or business venture. This involves specifying the business venture or project's objective and identifying the favorable and unfavorable internal and external factors that will help or hinder an organization in achieving its objective. This technique is credited to Albert Humphrey, who led a convention at Stanford University in the 1960s and 1970s using data from Fortune 500 companies (Wikipedia, 2002).

Strengths

The main advantages that China's Time-Honored catering enterprises have in the process of competing with other domestic and foreign enterprises in China's catering trade include its deep-rooted local branding.

Most of China's Time-Honored catering enterprises, such as Beijing's Quanjude Roast Duck, Baikui Laohao-Braised Mutton, Donglaishun Hotpot, and the Islamic style dishes of Hongbinlou that have survived and developed over hundreds of years in local markets and are deeply loved by local consumers. These Time-Honored catering enterprises have accumulated deep-rooted brand superiority, which is an important competitive advantage that allows Time-Honored restaurants to compete with domestic and foreign enterprises, such as Quanjude, a famous and historical Chinese brand that was established in 1864, which was the third year of

Tongzhi's Qing dynasty. Over the previous years, Quanjude had experienced business vicissitudes and survived the arduous ordeal of time. With its long history, Quanjude roast duck enjoys a high-quality reputation among both domestic and overseas consumers for their unique roasting technique and outstanding quality (Quanjude Official Introduction, 2005).

Unique technical advantages

Generally, Time-Honored catering enterprises own unique cooking arts and strong technology, which is employed by a group of cooking masters who are rich in technological expertise and experience. Moreover, after hundreds of operation, Time-Honored catering enterprises have mastered some key cooking recipes and the use of facilities that are not open to outsiders and with which even business managers might not be familiar. This unique non-patented technology has become the key resource that Time-Honored catering enterprises use to monopolize and survive in a very competitive market (Yufeng, 2005).

Local market recognition

Jin Gangzhu and Zhang Zhijun (2002) stated that Time-Honored catering enterprises have a long history, profound culture, and a large number of eating stories and celebrity anecdotes that attract many researchers and customers. Meanwhile, for local consumers, Time-Honored catering enterprises links to their lives, and various traditions even go back several generations. Thus, the competitive advantage owned by Time-Honored catering enterprises in local markets, when compared to other enterprises is usually beyond a material level, such as brand, technology, or image; instead, its advantage lies in the emotional or spiritual aspect of its connections to local consumers. This competitive advantage ensures that Time-Honored catering enterprises are, in the short-term, irreplaceable.

Weaknesses

A lack of brand expansionary capability

Time-Honored catering enterprises enjoy deep-rooted brand superiority in the local market. However, if it wishes to extend its scope beyond the local or domestic markets, the majority of

the Time-Honored catering enterprises will not have enjoy a brand advantage compared to the world renowned, large-scale catering enterprises it will be competing with. The reason for this lies is that most of the Time-Honored catering enterprises are locally developed, and have not broken their territorial restrictions to become famous national or international brands (Yundong, 2008).

Insufficient competitive strength in system

Time-Honored catering enterprises, like most national enterprises, have serious deficiencies in their enterprise systems. The insufficient competitive strength of the system is more obviously demonstrated in the property rights system. For example, although many Time-Honored catering enterprises realize diversity of their equities after a joint stock reorganization, the state-owned shares account for large proportion of the total shares -- around 15% to 50%. Meanwhile, the state-owned asset management system is not strong enough and enterprises are still subject to a number of administrative interventions, which weaken the main characteristics of the enterprises. Under the circumstances, the enterprises are forced to adapt to the fast-growing market economy.

Inadequate scale competitiveness

The modern catering industry is in scale effect. Only by achieving a large enough market share and asset scale could catering businesses be capable of engaging in modern production of large-scale procurement, standardized production and systematic operation. Thus, they could further build a complex and efficient information network and dilute operating cost to form a competitive advantage in cost and profitability (Dan & Jun-Bo, 2002).

McDonald's operating income exceeded 20 billion U.S. dollars (up to 20.46 billion U.S. dollars) in early 2005 (Love, 2007). In contrast, according to data published in *2007 Chinese Top Hundred Restaurants*, the biggest local brand was the Inner Mongolia Little Sheep Catering Chain, which only had 700 million U.S. dollars operating income, while the operating revenue of Quanjude (Group) Co., Ltd was 1.6 billion (China Department of Business, 2008). This indicates

that the Time-Honored catering enterprise has a strong competitive disadvantage in scale compared with world-famous international restaurants.

Opportunities

Although Time-Honored catering enterprises lack competitiveness in brand expansion, system, and scale when compared to internationally known large scale catering companies, it is facing distinct development opportunities in today's economic globalization and open market.

The rapid growth of the national catering market

In recent years, as the Chinese economy rapidly develops and people's revenue rises, national tourists and the number of people dining out will increase, facilitating rapid growth in the catering market. According to the relevant statistics, in 2007, the total retail sales of China's catering industry reached 1.2352 trillion RMB, up 19.4% over the same period of last year. During the 20 years from 1980 to 2000, the annual Chinese retail sales rate increased an average of 20.1%, up 5% over the same periods' average annual increase of GDP (China Department of Statistics, 2003).

Facilitate an adjustment to the state of Time-Honored catering enterprises

This is an excellent opportunity for Time-Honored catering enterprises to develop from a single business to a chain of commercial and network business. At present, the main areas in which foreign businesses enter into Chinese tertiary industries are supermarkets and fast-food chains. There are still many areas in which foreign businesses have not become involved or are just getting started, which will create an opportunity for Time-Honored catering enterprises to establish its own chains (Yufeng, 2005).

Facilitate the reform of Time-Honored catering enterprises

As multinational companies swarm into the Chinese market, it has become more competitive, which ensures the survival of the fittest. Facing this market economy, the Time-Honored catering enterprises have to adjust the property rights structure, convert their

operational mechanism, and grow stronger. In addition, Time-Honored catering enterprises could accelerate to set up joint ventures with foreign companies, and speed up the pace of development by taking advantage of their brand superiority (Yufeng, 2005).

Threats

Under the current global competition and rapid economic development, the main crisis facing Time-Honored includes the following:

The crisis of being eliminated by social change or market competition

Time-Honored catering enterprises have experienced the impact and challenge of social changes, such as joint state-private ownership, the Cultural Revolution, and the reform policies after the Liberation. Meanwhile, many emerging catering enterprises entered the market, and representative world-renowned restaurants such as KFC and McDonald's also stepped up to penetrate and expand in the Chinese market. Many Time-Honored catering enterprises, including Beijing cuisine and Shandong cuisine, have been eliminated already, are finding it increasingly difficult to survive, or are currently facing the risk of being eliminated (Danshu, 2002).

Xu Xiang Qian (2005) mentioned that in the more than 1600 "China's Time-Honored Brand" companies cognized by the Ministry of Commerce at the outset, more than eighty percent are the catering industry, but in all of the 1600 companies, only ten percent of the companies have effective operation. Since the implementation of its reform and opening-up policies, China's catering industry has steadily increased its proportion of the total economy, and it has gradually become the backbone of the promotion of the development of China's tertiary industry.

This brain drain is serious because the core competence of the Time-Honored brand is its unique technology, which mainly employs traditional apprenticeship teaching. However, Time-Honored catering enterprises' employees earn low wages and the lack of incentives under the state-owned system finally lead to a brain drain of its technical staff while the talents that

Time-Honored needs cannot be found. On average, its employees are relatively elderly with a low level of education; consequently, the lack of viable successors has become the bottleneck in its development (Yundong, 2005).

The former sites have suffered heavy losses. Time-Honored catering enterprises were historically located in prime downtown sites. However, urban renewal has moved many of its locations to the outskirts of the cities they reside in. For example, the five direct sales stores of Beijing's Paddy-Sweet Cottage that were located in Dongzhimen and Xizhimen no longer exist due to their demolition.

Modern and advanced experience of catering management

The modern concept of catering business

The modern concepts of catering business are chain operation, network marketing, centralized purchasing, uniform distribution and etc. The traditional catering industry needs to convert to many of the practices employed by the modern catering industry (Baxter, 2010). The consumers of Time-Honored catering enterprises and businesses gradually Change from entertaining to the general public, including business, leisure and household consumption. Meanwhile, new restaurant concepts shall be learned from catering enterprises in developed countries. Consumers in Europe and the United States, for example, pay more attention to selecting nutritious and balanced meals. Under these circumstances, it is important for restaurants to provide a number of alternative food combinations using healthy preparation techniques. To meet this demand, Time-Honored catering enterprises should actively follow the ways of healthy food combination and preparation.

Standardized Management

Standardization is the process of establishing a technical standard, such as standard specification, standard test method, standard definition, and standard procedures (or practices). The golden rule of McDonald's restaurants is "The Customer the Is Always First and will be always." The highest standard of service delivery is the QSC&V principle, which stands for Quality, Service, Cleanliness, and Value. This could best be represented by McDonald's essential principles. For example, their beef passes through over 40 process quality checks; if the beef fails even one process, it will be discarded and not be sold. In addition, food that has already been prepared will be not be sold if it remains unsold for a certain period of time, which is 15 minutes for hamburgers and 7 minutes for French fries) (Kroc, 1992). These strict standards allows allow customers to receive the McDonald's

food of the same quality at any time and any place. Service means to provide warm, considerate, and efficient service in accordance with the principles of carefulness, care, and love. Cleanliness refers to the cleaning standard McDonald's formulates for strict compliance. Value further conveys that McDonald's represents the concept of "providing more valuable high-quality food to its customers." QSC&V not only states McDonald's business philosophy, but it has also become the code of conduct for McDonald's employees because it employs such detailed, strict, quantitative criteria. The above is the key items of McDonald's standardized management. Owners of China's Time-Honored catering restaurants should learn the standardized management; it can increase their competitive ability. They should combine innovation and modern technology to get the standardized management. Once they begin operating franchise businesses, they can use standardized management to guarantee the same portion, flavor, and service for every meal. Another benefit of standardized management is that an examination of chain stores can provide the criterion for other business owners to examine their own operations' performance.

In 1999, the Quanjude Group formulated 22 standards to measure its special cuisines. Based on the cost of special cuisine in every shop, the Quanjude Group formulated total profit level and sales price standards (maximum standard and minimum standard). They were applied to special cuisines in Grade A Shops and Grade B Shops, according to their location, hardware facility and enterprise grade, so as to make the sales price of special cuisines meet actual conditions of the Group as a whole. In addition, the Quanjude Group formulated strict sanitation inspection standards and regular examination rules. The sanitation inspection included 95 items in 11 classes and all sanitation items were employed in the businesses' daily operations. The sanitation inspection rule was divided into two categories -- group examination and self-examination of enterprise (Weihong, 2007).

Franchise

As an advanced catering business model, franchising has its advantages. When a store obtains a franchise license, it receives a sophisticated profit model, thus greatly reducing the investment risk. Headquarters, brands, trade names and products of the franchise business offer basic protections for business; headquarters' unified distribution systems can help decrease production costs, and owners can share advertising costs with headquarters.

The franchise agreement is usually in place for a fixed period (broken down into shorter periods, which may be renewed) and are for a specific "territory" or number of miles from a designated location. There may be several such locations allowed within a certain area. Agreements typically last from five to thirty years, with premature cancellations or terminations of most contracts bearing serious consequences for franchisees. A franchise is merely a temporary business investment, involving renting or leasing an opportunity, not buying a business for the purpose of ownership. It is classified as a "wasting asset" due to the finite term of the license (Wikipedia, 2007).

The franchise agreement can be exclusive, non-exclusive or "sole and exclusive." Although franchisor revenues and profit may be provided in a franchise disclosure agreement, no laws require the estimate of franchisee profitability, which depends on how intensively the franchisee will 'work' the franchise. Therefore, franchisor fees are always based on gross revenue from sales and not on profits realized. Thus, franchises are a great way to help China's Time-Honored catering enterprise to expand their market.

Time-Honored restaurant should develop their strengths in order to make up for marketing and management deficiencies. They should do extensive market research to determine the scope of their market, and then, according to their effective strength, gradually expand their brand influence. They also need to consider that different areas of the country have different food taste requirements. Time-Honored restaurants should learn from the famous restaurants, such as KFC and Pizza Hut. These restaurants' menus in China are different from their menus in other

countries. KFC responded to Chinese tastes and launched a menu with soy milk and fried fritters, and their fried chicken recipe was modified to suit Chinese tastes. Pizza Hut also introduced a number of Chinese foods, such as shrimp fried rice and spiced noodles. Such targeted conduct is much better than blind expansion.

Training System

McDonald's attaches great importance to staff training, and established a comprehensive training system that guarantees the franchisee will be able to successfully operate the McDonald's restaurant and shape unified brand image of McDonald's. The McDonald's training system combines on-the-job training and off-the-job training. The off-the-job training is completed at Hamburger University located in Chicago. At Hamburger University, trainers emphasize consistent restaurant operations procedures, service, quality, and cleanliness. Hamburger University has become the company's global center of excellence for McDonald's operations training and leadership development. The Hamburger University is a base for training the chain's store managers and key staff members. This type of training could be applied by Time-Honored catering enterprises as well to alleviate the crisis caused by staff drain. This year, McDonald's built a Hamburger University in Shang Hai, China. They introduced this training system to improve their Chinese employees' performance.

The core competence of Time-Honored brands is their unique technology, which is passed on by the traditional "apprenticeship" teaching. If Time-Honored restaurants can build an employee training system like McDonald's, they might be able to retain their competitive advantage. Fortunately, China's restaurant industry had recognized the importance of the training system, and the first Chinese fast-food enterprise, Zhen Gong Fu, will open its first employee training school in Guan Zhou. Zhen Gong Fu is a good example for Time-Honored catering businesses to follow.

Advertising fund system

If the Time-Honored restaurants are to be successful in launching chain stores, they should learn from McDonald's advertising fund system. This would both enlarge their marketing promotion abilities and enable the company to share its advertising costs. In 1966, McDonald's established a cooperative advertising fund system and set up McDonald's Operators' National Advertising Foundation, a fund that comes from the McDonald's chain stores and direct stores that participated in the plan, accounting for about 3-4% of total annual sales. In addition to the advertising departments of McDonald's headquarters, there are many advertising fund foundations throughout the United States. In this way, the advertising cost for brand promotion is adequacy enough to do any promotion. (Facella & Genn, 2008).

As mentioned before, Time-Honored catering business enterprises thought their brands were strong enough to survive because almost everyone knows their names. Therefore, they did not spend very much money on marketing. Other catering businesses and special western enterprises such as McDonald, KFC, and Pizza Hut, used different types of media to advertise their brands. Their marketing efforts have been very successful in China, especially with young consumers. Time-Honored catering enterprises should reconsider their marketing strategies. Although media advertisements are very expensive, they are worthwhile. McDonald's, KFC, and Pizza Hut are good examples to follow.

Brand Management

Brand management is the application of marketing techniques to a specific product, product line, or brand. It seeks to increase the product's perceived value to the customer and thereby increase brand franchise and brand equity. Marketers see a brand as an implied promise that the level of quality that consumers have come to expect from a brand will continue with future purchases of the same product. This consistency may increase sales by making any comparisons with competing products more favorable. It may also enable the manufacturer to charge more

for the product. The value of a brand is determined by the amount of profit it generates for its manufacturer. This can result from a combination of increased sales and increased price, and/or reduced cost of goods sold) and/or reduced or more efficient marketing investment. All of these enhancements may improve the profitability of a brand and thus brand managers often carry line-management accountability for a brand's profit and loss) profitability, in contrast to marketing staff manager roles, which are allocated budgets from above, to manage and execute. In this regard, brand management is often viewed in organizations as a broader and more strategic role than marketing alone (Wikipedia, 2008).

Although Time-Honored catering enterprises have a deep-rooted brand superiority in the local market; if they extend their scope beyond the local market or domestic market, they will not maintain their brand advantage compared to the world-renowned large-scale catering enterprises. The primary reason is that they lack brand management. They can introduce brand management to help them solve this problem.

CIS

Corporate identity is a system of communication that is incorporated to a company's global strategy. It is present in all the company's manifestations, productions, properties, and activities. The corporate communication goal is to increase the awareness of a company's image and to establish empathy between the company and its target audience. Corporate communications must be dynamic, correct, and planned, and they must show the target audience the company's global plans. Corporate communications means to transmit the company or organization's identity, making it understandable and convenient and giving it a determined image. The corporate identity is the company's being; it is its essence.

Thomas Peters and Robert Waterman (2005), in their definitive study of America's best run companies, *In Search of Excellence*, conclude that every excellent company they analyzed is guided by a clear sense of shared values and identity, and has a strong sense of purpose and

direction (beyond mere survival). T J Watson, another author of works considered to be essential reading for students of management studies, believes that technological and economic resources, organizational structure, innovation and timing all weigh heavily in corporate success, but that the most important single factor in such success is faithful adherence to a sound set of beliefs on which a company can base its policies and actions. (Sinclair Design, 2005)

When a restaurant is new or small, or both, its identity spontaneously emerges as a direct extension of the founder's personality, but as the restaurant grows and becomes more complex, the corporate personality or identity can easily become uncoordinated, confusing and weak. This is especially true for China's Time-Honored restaurants. They have a very long operating history but they did not form a corporate identity. They need an identity consultant to identify and define their spirit and drive, and then give substance to it by embodying that spirit and drive into a visible system of identification that is in keeping with the marketing and positioning objectives of the company's corporate strategy. (Sinclair Design, 2005).

Government support

Time-Honored catering enterprises have a Time-Honored culture of ethnic catering, with a high competitive advantage for local brands and a deep market acceptance, which is likely to help these enterprises take the lead in the fierce international competition to realize rapid growth and enhance China's reputation and influence in the world market. Therefore, it is necessary for government to provide support for Time-Honored catering enterprises to help them achieve their potential by promoting their rapid growth.

The Chinese government could support Time-Honored catering enterprises through institutional innovation, fiscal support, policy support, establishing various development funds, and instituting research and development projects, based on the specific conditions and goals to be achieved. In fact, Time-Honored catering enterprises that had previously attained solid growth usually received effective support from government. For example, the stock system

reorganization and rapid growth of Quanjude in recent years was realized through governmental support. In May 1993, under the support of relative governmental departments, Quanjude Company was restructured to China Quanjude (Group) Co., Ltd. In June 1994, the Quanjude Peking Roast Duck Corporation established six companies, including Quanjude Group. In April 2004, with the Beijing Municipal Government's support, the Beijing Tourism Group, Quanjude Group, and New Yansha Group implemented a strategic reorganization. In April 2007, the well-known Time-Honored catering enterprises were added to Quanjude Group, which became a combined flagship incorporated by several Beijing Time-Honored brands, achieving rapid expansion and improvement in competitiveness in a short time.

Conclusion

Because it provides a product essential for human life, the catering market holds a firm position in the modern economy. Beijing's Time-Honored catering enterprises have a long history of ethnic catering culture with high degree of local brand advantage and deep market acceptance, which is likely to help it to take the lead in achieving rapid growth despite fierce international competition.

However, in the current intense market competition, Beijing's Time-Honored catering enterprises are facing elimination or risk of marginalization, and a severe lack of development opportunities. If the Time-Honored catering enterprises could actively replicate Western catering companies' successful business models and combine them with the Time-Honored enterprises' own advantages, they will be able to boost their growth and improve their brand awareness and influence in China, as well as the rest of the world.

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