



CUSTOMER EXPERIENCE ANALYSIS

Customer loyalty & Retention in the Hot Pot Restaurant Industry

This report investigates customer loyalty and retention in the hot pot restaurant industry, with a focus on customer experiences across pre-dining, dining, and post-dining stages, as well as brand perception. Using survey data collected on factors like reservation ease, service quality, ambiance, and loyalty program appeal, this analysis pinpoints key drivers of customer satisfaction. The findings provide actionable recommendations for enhancing the customer journey and fostering loyalty, offering hot pot restaurants strategies to strengthen customer retention.

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1. Introduction

Despite the competitive nature of the food and beverage industry, hotpot restaurants have carved out a unique niche attracting a diverse range of customers. However, like all restaurants, hotpot restaurants face the ongoing challenge of retaining their customers and fostering loyalty in a landscape with many alternative dining options. Customer loyalty and retention are crucial indicators of a restaurant's long-term success, influencing profitability, brand reputation and customer lifetime value.

The report aims to uncover the key drivers of customer retention and loyalty in the hotpot dining sector. We can deliver meaningful insights that hotpot restaurant managers can use to enhance customer satisfaction and loyalty, by identifying what keeps customers returning and encourages them to recommend the experience to others. Ultimately, understanding these loyalty drivers is vital for developing targeted strategies ensuring long-term customer engagement, competitive differentiation and sustained business growth.

2. Methodology Survey Approach

2.1 Survey Approach

To uncover the key drivers of customer retention and loyalty in hotpot restaurants, my team and I developed a comprehensive survey targeting recent diners. The survey was designed to cover the entire customer journey, including pre-dining influences like ease of finding information and reservation processes, dining experiences such as ambiance and food quality, and post-dining feedback on return likelihood and brand perception. By structuring the survey to capture diverse touchpoints, we aimed to identify actionable insights and trends that impact customer retention.

2.2 Sample Population

The survey gathered responses from 68 participants, offering insights into the demographics and visit behaviours of hotpot restaurant customers. The sample skewed younger, with the largest group being 18–24 years old, followed by individuals aged 45 and above. There was also a higher proportion of female respondents. Most participants were repeat customers, visiting hotpot restaurants weekly or monthly, while a smaller number were first-time or occasional visitors. These patterns provide a foundation to analyse the differing needs of frequent and infrequent diners.

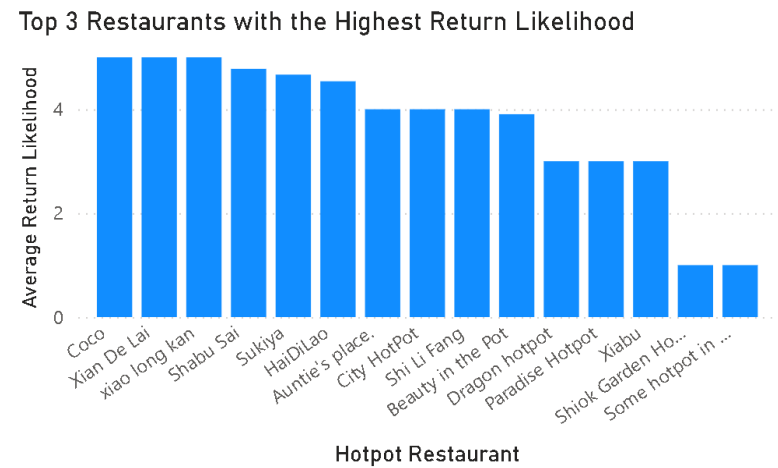
2.3 Data Collection

The survey was distributed online through social media, email, and direct messaging to reach a diverse audience of recent hotpot diners. This approach ensured convenience for respondents while allowing us to collect a broad range of perspectives. Data was gathered on various aspects of the customer journey, such as reservation experiences, dining satisfaction, and post-dining behaviours, providing a rich dataset to analyse customer retention and loyalty.

3. Key Insights

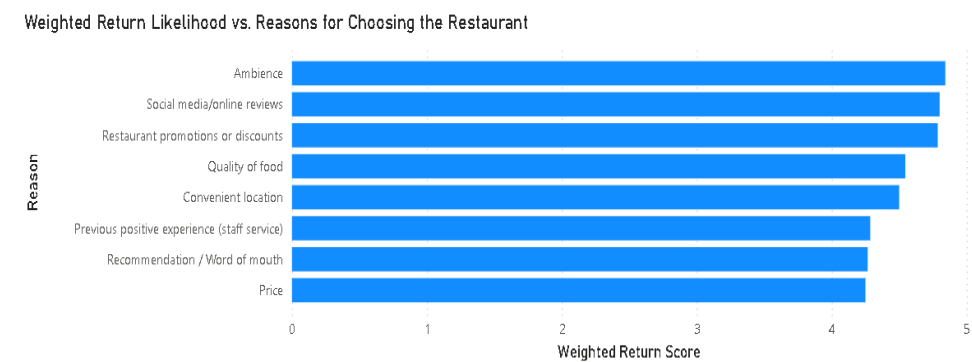
3.1 Customer Return Likelihood

Top 3 Restaurants with the Highest Return Likelihood



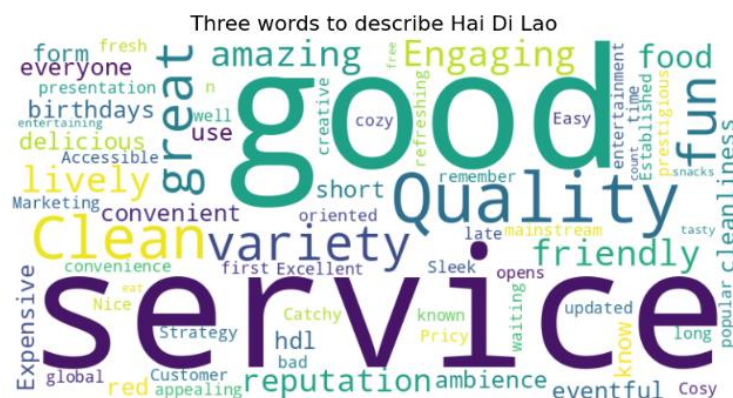
This chart compares the average return likelihood score for all the restaurants. We can see that Coco, Xian De Lai and Xiao Long Kan outperform the other hot pot restaurants with average likelihood score of around 4.5 out of 5 showing their strong customer retention efforts. Other restaurants like Auntie's place, City Hotpot, Shi Li Fang and Beauty in the Pot also scored well with an average return likelihood score of 4. However, restaurants such as Dragon hot pot, Paradise Hotpot, Xiabu and Shiok Garden have lower scores (around 3 out of 5) showing there is some room for improvement.

Key Drivers for Hai Di Lao's Success

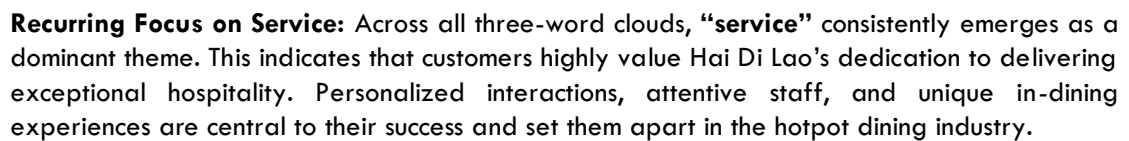


Hai Di Lao has a slightly lower average return likelihood but this is due to a much higher number of respondents. Key factors driving its success include:

- **Ambience:** Customers who value the restaurant's atmosphere are more likely to return to Hai Di Lao, highlighting Hai Di Lao's appealing restaurant atmosphere.
- **Social media/online reviews:** A strong influence on return likelihood, revealing the importance of an online presence
- **Restaurant promotions and Quality:** Effective pricing and Quality are significant contributing factors.



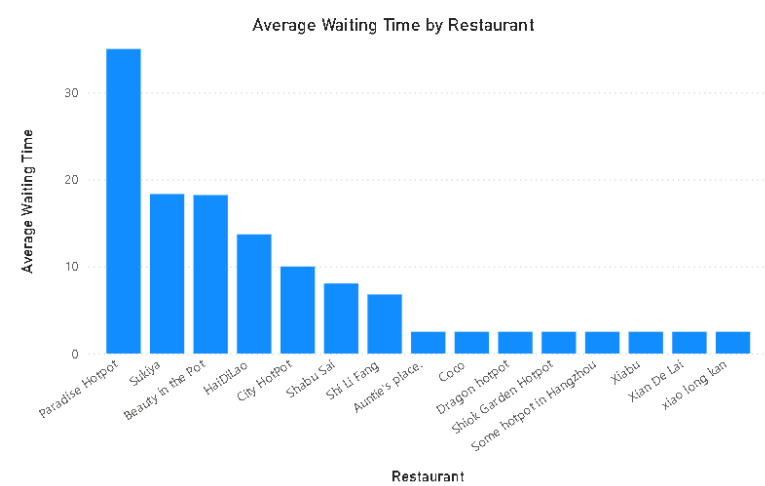
Most Appreciated Aspects of the Customer's Hotpot Experience:



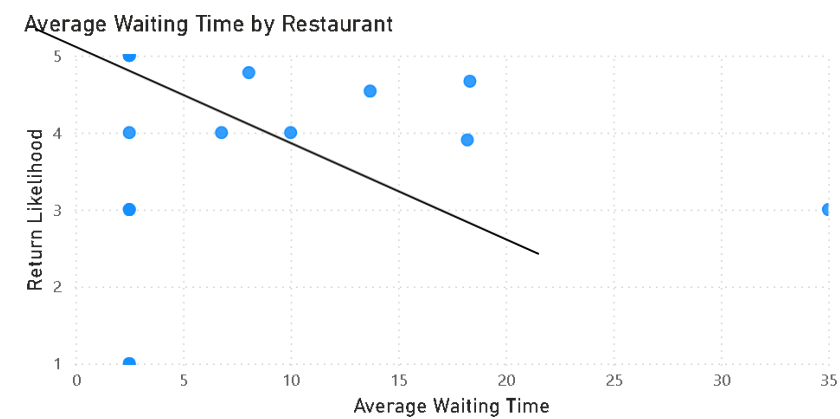
The line chart shows the impact of waiting times on the return likelihood for restaurants divided into waiting time categories. It reveals a positive correlation between shorter waiting times (below 30 minutes) and higher return likelihood. This tell us that waiting times under 30 minutes

would not have too much affect as compared to waiting times exceeding 30 minutes which can be seen from the sharp decline in return intent. This suggests that reducing waiting times, especially during peak periods is crucial for maintaining customer satisfaction.

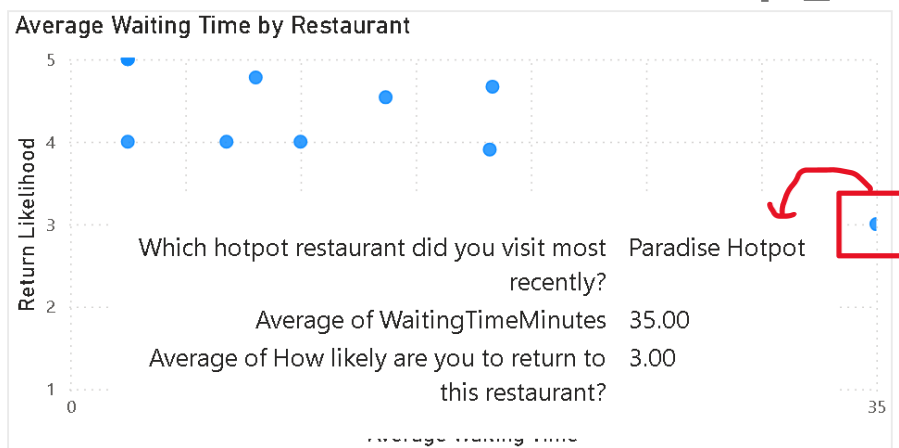
More Insights on Waiting Time and analysis of Paradise Hotpot



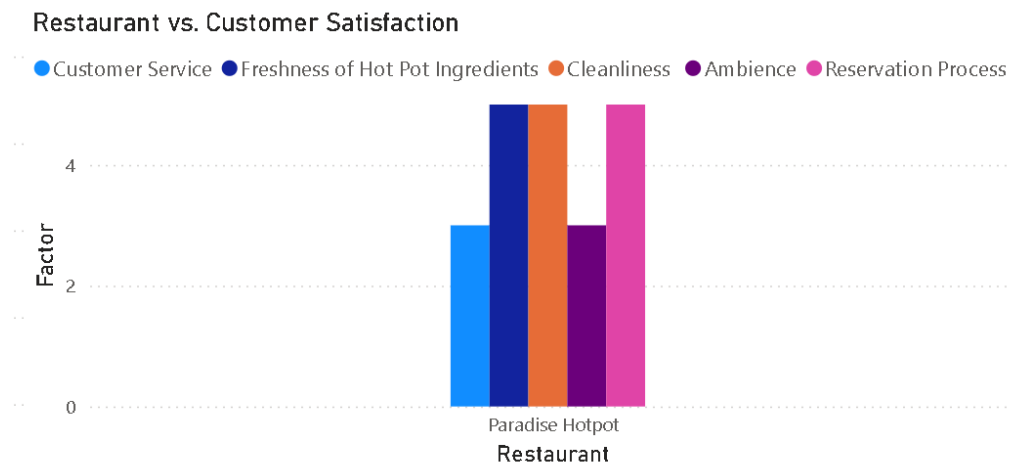
Paradise Hot pot can be seen to have the highest average waiting time among all the other restaurants



Looking at the scatter plot majority of the points are scattered in the top left-hand corner. Excluding the outliers we see an overall negative trend line showing as average waiting time increases, further emphasises that the return likelihood decreases.



Here we see paradise hotpot as an outlier with an average waiting time of 35 minutes and return likelihood score of 3. Let's see what other factors could also affect paradise hotpot's return likelihood



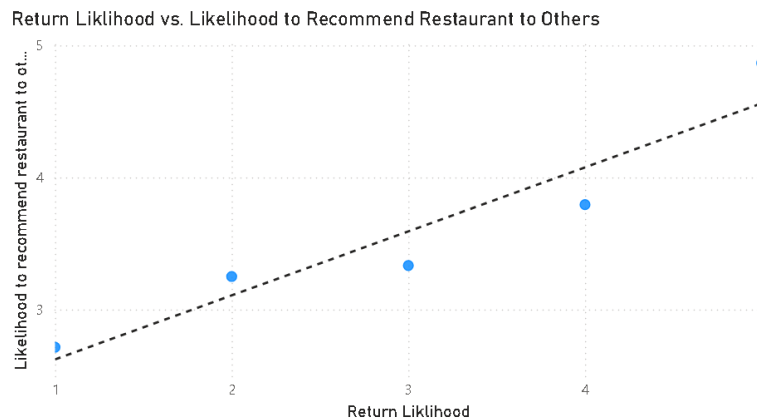
From all the factors, paradise hot pot seems to have good freshness, cleanliness and reservation however they can improve on the ambience and customer service is actually Hai Li Lao's strong suite and what makes Hai Di Lao stand out in the market. Perhaps paradise hot pot can improve on these areas and becomes bigger competitor in the market.

Top Reasons for Choosing Restaurants



Based on all the restaurants mentioned in the survey, **social media, online reviews and promotions** have the highest weighted return score and significantly impacts a customers' decision to choose a restaurant. This highlights that a strong online reputation and positive reviews can significantly attract customers possibly due to the positive image of the business it gives customers. Interestingly, **Price** is one of the bottom few factors for the initial choice of restaurant suggesting customers value overall dining experience more than cost, especially in a more costly dining environment like hot pot restaurants.

Correlation Between Return Likelihood and Recommendation Likelihood



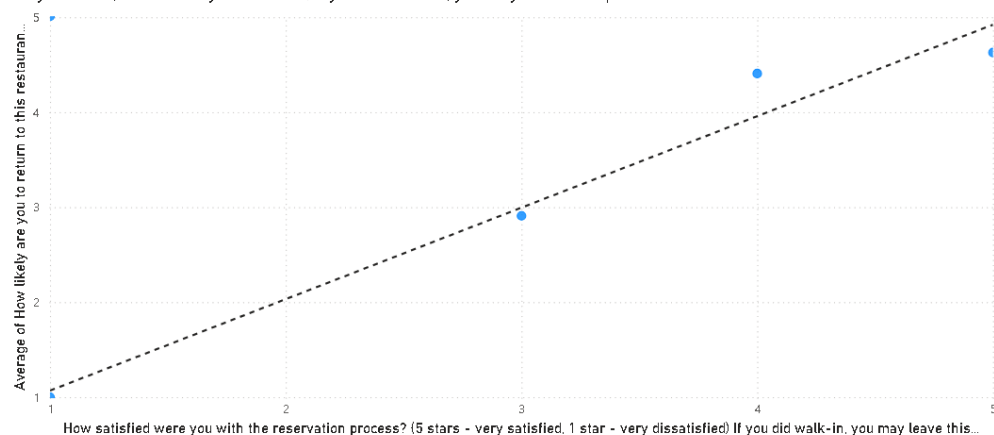
A strong positive correlation between the likelihood of returning and recommending the restaurant to others highlights the importance of customer retention.

Recommendations:

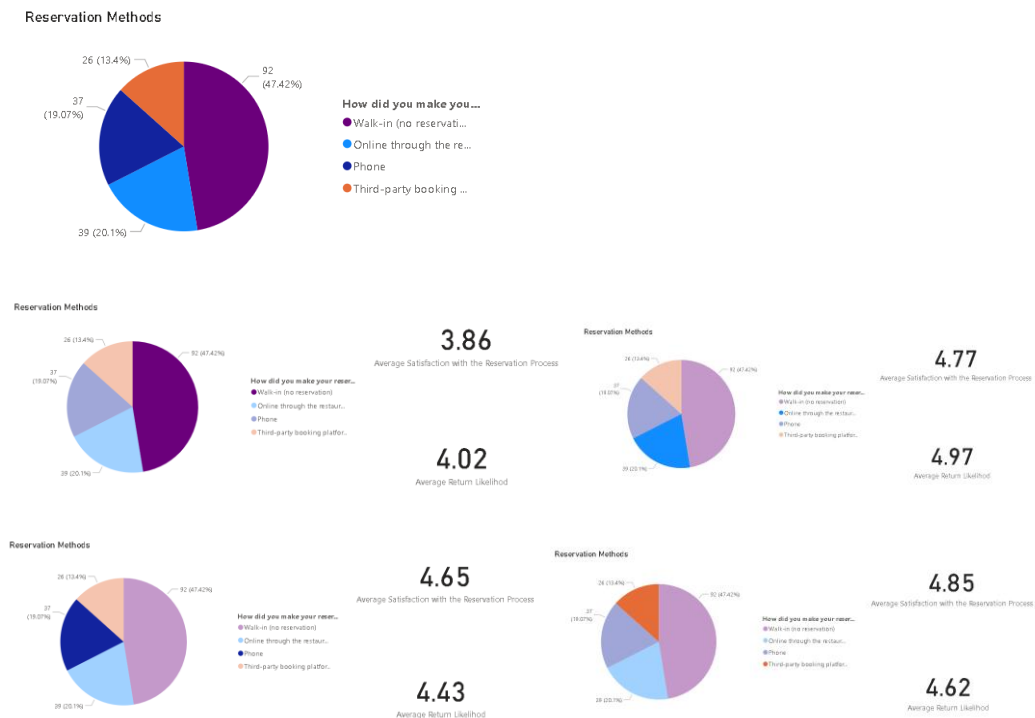
- Focus on Customer Retention strategies: by improving factors that can boost return likelihood like service quality, value for money and ambiance.
- Return customers can be encouraged to recommend the restaurant through incentives like referral discounts, loyalty rewards and social media posting.
- On the reverse side, the business must address key dissatisfaction areas that may lower the return likelihood such as long waiting times which can result in lower recommendation leading to lower revenue.

Impact of Reservation Process on Return Likelihood

Average of How likely are you to return to this restaurant? by How satisfied were you with the reservation process? (5 stars - very satisfied, 1 star - very dissatisfied) If you did walk-in, you may leave this question blank.



This chart shows a strong positive correlation between satisfaction with the reservation process and likelihood of returning.



Among reservation methods, online reservations via restaurant app received the highest satisfaction scores, followed by phone bookings and third-party booking platforms. However, walk ins is the mostly commonly used method but has the lowest return likelihood (4.02). This could uncover potential frustrations in waiting times, lack of table availability or issues with reservation platforms. We can see the demand for digital reservation method.

Recommendations:

- Enhance their customer experience, can make this process as smooth as possible for customers by reducing waiting times by managing customer flow during peak periods
- Introduce a digital queue system for customers to get a estimated wait times
- Focus on improving the app usability. A significant portion of respondents use online methods to book a reservation so focusing on improving the app usability by making the interface intuitive and providing real-time table availability updates can increase the reservation satisfaction.
- Improve Phone Reservations: There is still almost 20% of the respondents that use phone to make reservations. To improve the satisfaction, the business can provide their staff with training to handle calls efficiently and provide faster confirmations

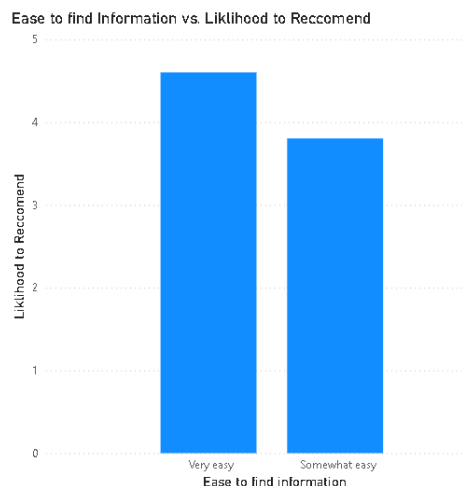
Factors Influencing Return Likelihood for First-Time Hotpot Customers



The analysis highlights that first-time visitors have the lowest likelihood of returning compared to other customer groups. This highlights the importance of creating a positive initial experience to retain these new customers. Key Factors that contribute to low return likelihood:

- **Value for money:** Rated the lowest among all the factors. First-time visitors may feel the experience does not live up to the price, suggesting the need for more competitive pricing or improved offerings.
- **Ambience:** Rated second lowest, showing the atmosphere might not have met customer expectations.
- **Quality of Service and Cleanliness:** These factors are about tied. They received moderate ratings (~3) showing areas for improvement.
- **Reservation Process and Ingredient Freshness:** These factors are tied with an average rating of 4, suggesting they met customer expectations. However, even though highly rated, they alone are not sufficient enough to encourage return visits if other areas fall short.

Impact of Information Accessibility on Recommendation Likelihood

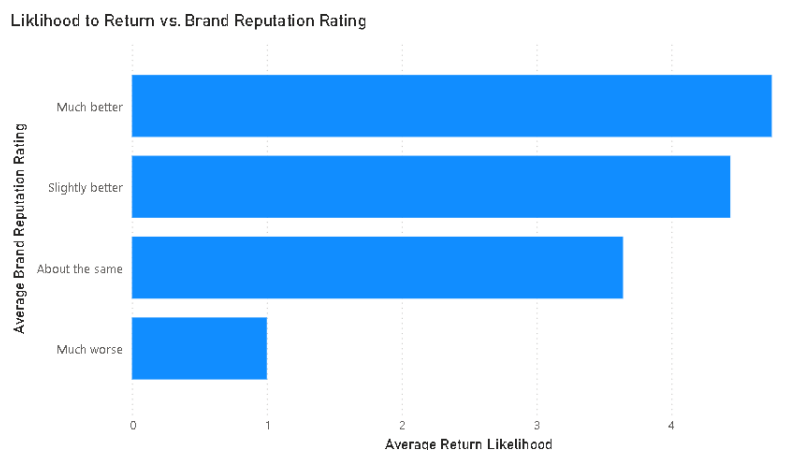


Customers who found it easy to access information about their restaurant, such as menu details, location and reservations are significantly more likely to return. On the flip side, challenges obtaining information could impact customer decisions, emphasizing the importance of clear, accessible information and communication channels and an engaging online presence.

Recommendations:

- Improve the visibility and accuracy of information across all platforms
- Offer seamless navigation and user-friendly interfaces for online users who want to find details about menu, location, pricing and reservation options.

Relationship Between Brand Reputation & Return Likelihood



Brand reputation plays an important role in customer retention. Customers who rated the restaurant's reputation as **"much better"** were more likely to return. In contrast, those who perceived the reputation to be **"much worse"** had the lowest average brand reputation rating. This emphasises the crucial role that brand perception plays in customer retention. A strong, positive brand reputation fosters trust and loyalty with customers, encouraging them to come back. A negative perception can diminish the likelihood of repeat visits as well.

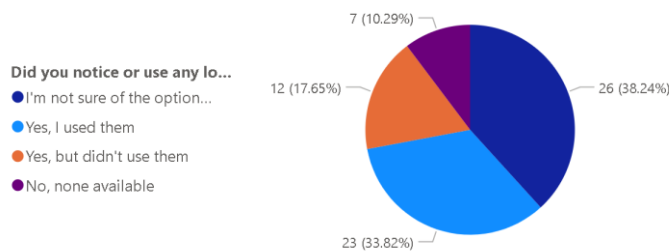
Recommendations:

- **Enhance Brand Image:** Focus on elements that can distinguish your business from your competitors such as superior service, quality or unique offerings.
- **Promote brand positives:** highlight awards, customer testimonials and positive reviews in marketing campaigns to reinforce the brand's reputations.

3.2 Loyalty Program Analysis

Loyalty Program Analysis

Customer Awareness & Usage of Loyalty Programmes



38.24% of respondents are unsure of the options available, 33.82% use the loyalty programs, 17.65% know about the existence of the loyalty programs but do not sure them and 10.29% say that there are not available.

Appealing Features of the Loyalty Program

- **Discounts:** A significant number of respondents valued discounts, especially those targeted at students or general savings on meals.
- **Free items:** Some customers appreciated the ability to earn free items through the program.
- **Points accumulation:** Several respondents favoured the points system, where accumulated points could be redeemed for discounts or free items on future visits.

For **new customers**, discounts were the most preferred feature. Among **returning customers**, 10 out of 28 respondents favoured points accumulation for long-term rewards, while 12 preferred discounts. The remaining respondents mentioned other benefits, such as birthday coupons, free items, and item redemptions.

Recommendations: Make loyalty programs more visible and easily accessible through digital platforms, such as QR codes or in-store prompts and highlight attractive features like discounts and points accumulation to encourage greater program participation.

4. Recommendations for Hot Pot Restaurants

1. Enhance Atmosphere & Ambiance

Ambiance was the top factor for the likelihood of customers to come back, specifically for top performing restaurants like Hai Di Lao. This shows us customers prioritise comfortability and appeal in the environment.

Hotpot Businesses can:

- Invest in interior design upgrade's, lights and comfortable seating
- Consider changing their restaurant décor to reflect season's themes making it more engaging and exciting for customers
- Conduct staff training to create a warmer and more welcoming environment to improve customer satisfaction and increase return likelihood and positive word-of-mouth

2. Leverage Digital Marketing and Social Media

Social Media Presence and online reviews were major factors that influence customer choice and return likelihood.

Hotpot Businesses can:

- Partner with influencers to promote their dining experiences
- Actively engage with customers on social platforms through competitions, promotions, deals and sharing user-generated content
- Respond to feedback on review platforms making them more credible. This also strengthens online reputations and attracts a wider audience; especially younger hotpot go-ers.

3. Reduce Long Waiting Times with a Digital Queue System

There was a significant decrease in return likelihood when waiting times exceeded 30 minutes

Hotpot Businesses can:

- Implement a mobile-friendly queue system that allows customer to reserve seats and receive updates on the waiting times.
- Make sure staff schedules are optimised to handle peak periods effectively which improves the walk-in experience, reduces customer frustration and boosts customer retention.

4. Optimize and Promote Loyalty Programs

We could see that many respondents were unaware of the details of the loyalty programme, but discounts and points accumulation are values among the respondents.

Hotpot Businesses can:

- Make it seamless and easy to sign up for loyalty programs through QR codes for example or through a prompt to get customers to sign up in-store, online or during checkout and highlight the benefits of the loyalty program.
- Offer target promotions. Eg. Double on special holidays. This encourages customers to come back and builds a long-term customer base.

5. Enhance information Accessibility

Customers with easier access to restaurant information reported higher return likelihood.

Hot pot business can:

- Improve the visibility and accuracy of information across all platforms
- Offer seamless navigation and user-friendly interfaces for online users who want to find details about menu, location, pricing and reservation options
- Encourage positive reviews and testimonials to improve credibility and information reliability for potential customers

6. Enhance Experience for New Customers

First-time customers showed that they are less likely to return, and some factors affecting their return are value for money and ambiance.

Hot pot Business can:

- Offer welcome discounts or freebies for first time diners
- Enhance positive staff to leave a positive impression

7. Strengthen Brand Reputation Through Differentiation

Customers who perceived the brand reputation as better than other competitors are more likely to come back.

- Highlight unique selling points like signature dishes or special services
- Publicise achievements, awards and positive testimonials in marketing campaigns.
- Address the negative reviews to deter damage to brand perception

This builds customer trust and loyalty, driving both retention and recommendations.

5. Conclusion

This report talks about the important factors uncovered that influence customer retention and loyalty in the hotpot restaurant industry. By focusing on ambiance, leveraging digital marketing, reducing waiting times and optimising loyalty programs, hot pot businesses can improve customer satisfaction and return likelihood. To further strengthen long-term growth, hot pot businesses can also promote brand differentiation. Not only will implementing these strategies ensure a competitive advantage but also sustain customer engagement and profitability.