

Overseas market

[Business](#), [Marketing](#)



Little Sheep's website provides an English version. However, the product names are still in Chinese and there are errors in showing the pictures. The last updated news was in July, 2011, which shows that it is outdated.

Compare to Little Lamb's website, it is much better categorized, with up-to-date news and attractive layout. Nowadays restaurants mainly use two methods for ordering food, one is the traditional paper method, and the other one is hand-held wireless orders food equipment. Little Sheep uses the traditional method, but in Little Lamb, waiters use a controlling wireless equipment system to help customer order their food, and the information will be directly passed to the kitchen. Here, we can see that Little Sheep is not utilizing as much information technology as its competitors.

RECOMMENDATIONS EXPANSION TO THIRD-TIER CITIES

As it was commonly mentioned in news, GDP in China, which is a measure of income of Chinese citizens, is fast rising. This shows that even small and poorer towns and villages in China will start to be able to enjoy a higher standard of living. By expanding the Little Sheep chain to these cities, we can give them a first impression of how a higher-class hot pot restaurant is like. This will give us a first mover advantage so that in the future, even when other high-class hot pot restaurant enter these cities, the citizens will have a higher awareness in our brand.

The decision on which city to expand to need to be evaluated every year based on a number of factors, including customer's purchasing power, competitors, our presence, economy of the cities, etc. As an example, Hainan is currently a good location for us to open more stores. Currently

there are only 2 branches opened there, meaning that it is yet far from saturation. The fast-developing tourism there means that there will be more potential foreign customers and tourism also makes the cities richer and giving the citizens a higher purchasing power. Despite the fact that Hainan is hot throughout the year, the invention of air conditioner has made hotpot an all-year-round activity without any time constraint.

However, such expansion strategy also has its risks. The hot pot market in China is very competitive and hot pot restaurants are everywhere, the market is more or less saturating. Also, Little Sheep already had a considerable presence in China and this may make further growth difficult. Therefore, we decided to adopt a slower expansion strategy in a way that we will open around ten new branches in third-tier cities every year.

2. GOING INTERNATIONAL

The second part of the expansion strategy is going international. With the Chinese market saturating, expanding overseas surely offers a great opportunity. An internationally larger size can help the company achieve economies of scale. And in fact many foreigners are interested in Chinese cuisines, and hot pot is undoubtedly a Chinese specialty. This ensures that there will be demand for our products in the overseas market. As we mentioned earlier, Little Sheep already had around 20 branches outside of mainland China, but we think that it is worthwhile to continue going international.

Take the entrance to Toronto in 2005 as an example, it was a great success and it received lots of compliments from the customers and even from newspaper critics. They were impressed by the quality and the taste of food, and they saw that Chinese hot pot will introduce a new era of cuisine in the western world.

In order to enter the international market smoothly, we propose a few strategies here. First of all a better-organized English website needs to be set up as the Internet is an important channel for western customers to search for information of restaurants. Apart from offering traditional Chinese hot pot, products with some variations to cater for localities should be considered to cater for different customers, e, g, cheese hotpot. At last, brand image must be improved and promoted in the overseas market as westerners always regard Chinese food as unhygienic and dirty. Efforts must be paid to make them feel that Little Sheep is not the same as other Chinese brands.

3. IMPROVING THE HYGIENE CONDITIONS OF THE RESTAURANTS

The Unhygienic kitchen conditions leads to the occurrence of mice. To cope with the hygiene problems, the Little Sheep restaurants are suggested to set up regulation all workers in the kitchen should use plastic gloves, upgrade the washing machine with the function of UV sterilization and managers should inspect and supervise the hygiene conditions frequently. In the long haul, the Little Sheep should set up a hygienic supervising taskforce. The taskforce regulates the rules regarding to the basic food and personal hygiene, and conducts regular inspections on the hygiene conditions.

Moreover, 'The Secret Customers' Program is encouraged to be conducted to evaluate the hygiene environment of the restaurants by the consumers. Furthermore, the company should put more resources on staff training courses about food and personal hygiene before official appointment.

CONCLUSION

The case of Little Sheep provides an insight of the keys to success while running hot-pot fast chain restaurants in China. Although it is facing different threats and weaknesses, our three recommendations can help overcome its shortcomings and continue to expand and lead a dominant position in the hot-pot market. Along with the mission of the company " basing on quality to maximize customers' value" in mind, Little Sheep is believed to stay as a strong tycoon in the industry.