

Marketing and Expansion Strategies for Local Specialty Catering Brands: A Case Study of Datong Erban Knife-Cut Noodles

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Abstract This paper provides a comprehensive and in-depth analysis of the cross-regional expansion strategy of Datong Erban Knife-Cut Noodles, a representative Chinese catering brand rooted in intangible cultural heritage. The study integrates multiple strategic frameworks including PESTEL analysis, Porter's Five Forces, SWOT analysis, STP theory, and 7P's marketing mix, combined with detailed financial feasibility projections. The macro-environment analysis reveals strong policy support, favorable economic trends, and rapid digital transformation in the catering industry. Industry analysis highlights moderate competitive pressure but strong entry barriers due to standardization and brand heritage. SWOT analysis identifies core advantages in craftsmanship and branding, while also acknowledging operational and expansion challenges. Marketing strategies emphasize differentiated positioning, cultural branding, and omnichannel distribution. Financial analysis demonstrates strong revenue growth, high profit margins, and a short investment payback period. Overall, the study concludes that the brand has significant scalability and sustainable growth potential in the national market.

Keywords: : catering industry, knife-cut noodles, expansion strategy, PESTEL, SWOT, financial analysis

1. INTRODUCTION

Datong Erban Knife-Cut Noodles, established in 1981, is one of the most representative traditional noodle brands in northern China. Over the past four decades, the brand has evolved from a small local restaurant into a standardized chain enterprise integrating production, distribution, and retail. The brand's core competitiveness lies in its intangible cultural heritage (ICH) craftsmanship, which ensures product uniqueness and authenticity. With the rapid growth of China's catering market and increasing consumer demand for regional specialty foods, the company is now exploring cross-regional expansion opportunities.

Prior research has examined the challenges and strategies of catering brand expansion from multiple angles. Chen and Wang (2022) explored the tension between cultural preservation and commercial operation in ICH catering enterprises, concluding that authentic craftsmanship serves as a non-replicable competitive moat. Chen and Li (2023) further highlighted that integrated supply chain management is a critical enabler for local specialty catering to achieve cross-

regional replication. On the marketing side, Li and Zhao (2023) proposed a gradient expansion model for regional catering brands, advocating a phased approach that consolidates provincial markets before radiating outward. Regarding talent and operations, Han and Liu (2021) documented the difficulties handcrafted catering enterprises face in maintaining skill standards at scale, while Sun and Wang (2022) assessed how digital operational capabilities can partially compensate for the absence of on-site supervision in dispersed chain networks. Despite this body of work, the existing literature has rarely integrated financial feasibility modeling with multi-framework strategic analysis for ICH catering brands specifically. The present study addresses this gap.

This study is guided by four research questions: (1) What macro-environmental and industry-level factors shape the feasibility of cross-regional expansion for Datong Erban Knife-Cut Noodles? (2) What internal strengths and external opportunities can be leveraged, and what weaknesses and threats must be mitigated? (3) What marketing and operational strategies are most appropriate for a phased national expansion? (4) Is the proposed

expansion financially viable over a five-year horizon, and what are the projected returns? Answering these questions aims to provide both a case-specific strategic roadmap and a generalizable analytical model for similar ICH catering enterprises pursuing geographic growth.

2. MATERIALS AND METHODS

This study adopts a comprehensive analytical framework combining qualitative and quantitative methods. First, PESTEL analysis is used to evaluate macro-environmental factors including political, economic, social, technological, environmental, and legal dimensions. Second, Porter's Five Forces model is applied to assess industry competitiveness. Third, SWOT analysis is conducted to identify internal strengths and weaknesses as well as external opportunities and threats. Fourth, STP theory and 7Ps marketing mix are used to design market strategies. Finally, financial forecasting models are constructed to estimate revenue, cost, profit, and return on investment over a five-year period.

Data for this study were collected from three sources. First, primary data were gathered through semi-structured field interviews conducted in March 2025 with eight key informants, including the brand founder, two regional operations managers, three front-line master chefs holding certified ICH inheritor status, and two franchise store owners. The interview protocol covered topics including craftsmanship standardization, supply chain management challenges, talent recruitment and retention, and customer feedback from non-Datong markets. Interviews lasted between 45 and 90 minutes and were audio-recorded with participant consent, then transcribed and analyzed thematically. Second, secondary data on the macro-environment and industry structure were drawn from government policy documents (including the 14th Five-Year Plan for Cultural Heritage Preservation issued by the Ministry of Culture and Tourism), industry reports published by the China Catering Association (2023, 2024), and peer-reviewed journal articles cited throughout this paper. Third, financial data used to construct the five-year projection model were sourced from the company's internal financial statements for fiscal years 2022–2024, supplemented by publicly available benchmarking data from comparable regional catering chain enterprises.

Key financial assumptions, including the cost-of-goods-sold ratio (approximately 38%), store-level fixed costs, and the weighted average cost of capital (WACC) used in NPV calculations, were validated against industry norms reported by the China Catering Association (2024) and cross-checked with the management team during follow-up interviews.

3. RESULTS AND DISCUSSION

3.1 PESTEL Analysis

From a political perspective, government policies strongly support the development of intangible cultural heritage industries. Notably, the 14th Five-Year Plan for Cultural Heritage Preservation (Ministry of Culture and Tourism, 2021) designates ICH catering as a priority sector for state-level promotion, with dedicated subsidies for certified ICH enterprises that expand beyond their home provinces. Additionally, local government regulations in Shanxi Province explicitly encourage the establishment of standardized catering chains rooted in regional food culture, offering tax incentives and preferential land-use terms for qualifying enterprises. Economically, China's per capita disposable income in urban areas reached RMB 49,283 in 2023, representing a year-on-year increase of 6.1% (National Bureau of Statistics, 2024), supporting robust consumer spending on quality dining experiences. The China Catering Association (2024) reported that the national catering industry generated revenues of RMB 5.29 trillion in 2023, a 20.4% increase over 2022, confirming a strong post-pandemic recovery. Socially, growing demand for "cultural dining" is evidenced by a 34% increase in searches for regional specialty food on major delivery platforms between 2022 and 2024 (Meituan Research Institute, 2024). Technologically, the penetration rate of digital ordering systems among catering chain enterprises exceeded 78% in 2023, and AI-driven supply chain tools are increasingly adopted to reduce waste and improve ingredient freshness (China Catering Association, 2024). Environmental and legal factors also support standardized and sustainable development, with food safety regulations under the revised Food Safety Law (2021 Amendment) creating a more level competitive field that advantages larger, auditable chain operations over informal vendors.

3.2 Porter's Five Forces Analysis

The threat of new entrants is moderate. While the Chinese noodle catering market is large and fragmented, successful ICH-certified chain operations require significant upfront investment in skill training, supply chain infrastructure, and brand building. Interview data revealed that on average two to three years and RMB 800,000–1,200,000 are required to bring a new location to profitability, representing a meaningful financial barrier. Supplier power is relatively low due to diversified sourcing: Datong Erban maintains contracts with more than 15 flour and ingredient suppliers across Shanxi and Hebei provinces, ensuring price competition and supply resilience. Buyer power is increasing as urban consumers gain access to a broader range of noodle and fast-casual options through delivery platforms; however, the brand's strong repeat-purchase rate (estimated at 68% based on CRM data shared during interviews) partially insulates it from price sensitivity. Substitutes such as fast food chains (e.g., McDonald's, KFC) and other noodle brands (e.g., Ma Lan Ramen, Wu Gu Dao Chang) pose moderate competitive threats, particularly in the 18–35 urban demographic. Competitive rivalry is intense in major urban markets such as Beijing and Taiyuan, where the average street-level catering outlet density exceeds 12 restaurants per 100-meter commercial block (China Catering Association, 2023), yet the brand's cultural differentiation and ICH certification provide a sustainable positioning advantage that commodity noodle competitors cannot easily replicate.

3.3 SWOT ANALYSIS

Strengths (S): The brand's most durable competitive asset is its intangible cultural heritage (ICH) certification, which confers an authenticity premium that rivals cannot manufacture without equivalent historical provenance. The distinctive “cut-and-cook-in-the-moment” process, underpinned by a 40-year operational history, creates a product experience with high differentiation from industrialized noodle chains. The scarcity and irreproducibility of ICH craftsmanship constitute the core competitive moat for local specialty food brands (Li, H., & Zhang, Q., 2023). Operationally, the completed transition from single-store to a chain of 11 branches — supported by a centralized kitchen, unified distribution system, and a mature master-apprentice talent pipeline — provides

the logistical backbone needed for rapid geographic rollout. The seamless integration of standardized operations with the preservation of traditional craftsmanship is central to the scalability of artisanal dining (Zhou, Y., & Chen, J., 2021). In the local Datong market, strong consumer loyalty and a high repeat-purchase rate — estimated at 68% based on internal CRM data — establish credible social proof that can seed word-of-mouth advocacy in new markets. The local market loyalty provides a crucial foundation for cross-regional brand expansion (Wang, J., & Li, X., 2022).

Weaknesses (W): The brand's digital marketing footprint is significantly underdeveloped relative to the opportunity. Online new media operations lag behind, and brand recognition remains largely confined to Datong and its immediate vicinity, limiting market penetration efficiency in out-of-province expansion targets. Local specialty dining brands broadly face challenges of restricted brand reach and monotonous marketing channels (Zhao, J., & Chen, W., 2024). The “one-store-one-kitchen” operating model, while central to the brand's quality promise, increases labor costs and operational complexity relative to centralized-preparation chain models, creating a structural efficiency disadvantage that must be managed during scaling. Furthermore, the supply chain system remains concentrated in the Datong local market, with insufficient capabilities in cost management and quality assurance for cross-regional raw material procurement. Geographic concentration of supply represents the primary bottleneck constraining cross-regional expansion for local specialty restaurants (Qian, H., & Li, S., 2023).

Opportunities (O): Consumption upgrading continues to expand the mid-to-high-end specialty fast-food segment, and consumers' appetite for intangible cultural heritage and iconic regional cuisine is rising, creating substantial market potential for brands capable of cross-regional replication. The sustained growth of the ICH catering market offers excellent opportunities for local specialty brands (Zhang, Q., & Li, M., 2024). The booming cultural tourism industry in Datong — highlighted by a reported 735% year-on-year growth during the 2026 Spring Festival, ranking first nationally — generates strong customer spillover that directly reduces brand acquisition costs in new markets. The integration of culture and tourism has become

a crucial pathway for regional specialty dining to transcend geographical limitations (Chen, C., & Wang, Z., 2023). Simultaneously, the widespread maturation of digital catering technologies, including AI-driven supply chain tools, mobile payment systems, and short-video commerce platforms, has substantially lowered the operational and promotional cost thresholds for cross-regional expansion. The advancement of new media technology has significantly reduced the cost of nationwide promotion for local specialty brands (Wang, F., & Zhang, L., 2021).

Threats (T): The Shanxi knife-cut noodle market faces intensifying homogenized competition from local brands, while nationally established fast-food chains such as Lanzhou Ramen and Chongqing Xiaomian leverage brand recognition and distribution networks to constrain the cross-regional expansion space of second-tier noodle brands. Local specialty restaurants face dual challenges of homogenized competition and channel pressure from dominant brands (Li, J., & Chen, Y., 2024). Regional disparities in culinary culture create market entry friction: consumer taste preferences for noodles vary meaningfully across geographies, and cross-regional expansion inevitably raises operating costs, including rent and labor, compressing per-store profitability. These regional cultural divergences and escalating operational costs constitute the primary market barriers for cross-regional expansion (Zhao, H., & Wang, Y., 2023). Additionally, brand dilution risk during rapid scaling — where inadequate quality control may yield taste deviations or service deterioration — poses a direct threat to the core competitive advantages that underpin the brand's premium positioning. Brand dilution risk is the most critical issue to manage in catering chain expansion (Sun, D., & Li, Q., 2023).

The SO strategy — leveraging brand heritage and operational strength to capture consumption upgrading and short-video commerce opportunities — forms the primary strategic thrust and directly underpins the differentiated concentration approach articulated in the marketing plan. The ST strategy requires accelerating market entry timelines to pre-empt competitor encroachment, while the WO strategy mandates investment in digital marketing capability before or concurrent with physical expansion. The WT strategy calls for rigorous quality

governance to protect brand equity during scaling.

3.4 Marketing Strategy

The marketing strategy for Erban Catering is organized around STP theory and the 7Ps marketing mix. Geographically, market segmentation is structured across three tiers: the incumbent Datong local market, the Shanxi provincial market centered on Taiyuan, and the cross-provincial Beijing-Tianjin-Hebei market. Target markets are selected based on cultural affinity, economic compatibility, and operational feasibility. Erban Catering abandons low-price competition, establishing positioning as “the leading promoter of landmark noodle culture” and “a benchmark for premium Chinese fast food,” combining intangible cultural heritage credentials with modern aesthetic appeal to create brand associations of “authenticity, craftsmanship, and warmth.” The 7Ps implementation is structured as follows.

Product: A tiered product architecture is implemented under a “core standardization + regional adaptation” model. The flagship freshly hand-shaved noodle line is maintained as a non-negotiable constant across all stores, directly supporting the premium positioning and the 42% gross margin target. Beyond this core, a “cultural signature” tier offers limited-edition seasonal bowls tied to heritage festivals, an “everyday value” tier provides streamlined single-person sets to accelerate table turnover, and a “family and group” tier introduces customizable combinations to elevate average ticket size. Delivery channel packaging innovation — thermally insulated, noodle-water-separated containers preserving texture for up to 30 minutes — extends competitive advantage in the online food-delivery segment. The cross-regional strategy for local specialty dining must balance authenticity preservation with localized adaptation (Chen, M., & Li, Z., 2023).

Price: A value-based pricing philosophy is adopted, positioning the standard noodle bowl at a 15%–20% premium over local quick-service restaurant averages in each market. A three-tier pricing matrix governs product categorization: the “Heritage Classic” line anchors quality perception at approximately CNY 38–48 per bowl in first-tier cities; the “Daily Express” line serves the volume lunch-rush segment at a moderate discount; and the “Cultural Experience Set” commands the highest per-transaction value for

group orders. Regional price differentiation calibrates pricing approximately 10% lower in second-tier Shanxi cities relative to Beijing-tier equivalents. Gross margin targets of 42% are maintained across markets through this architecture. Differentiated pricing strategies are critical for local specialty restaurants to adapt to diverse regional markets (Wang, B., & Zhao, J., 2022).

Place: The channel strategy adopts a tiered geographic penetration model. In Taiyuan and core Shanxi cities, stores target mixed-use commercial developments at the convergence of office, retail, and residential traffic. For Beijing-Tianjin-Hebei expansion, flagship stores are positioned near cultural heritage districts and high-footfall transport hubs, serving dual functions as revenue-generating outlets and brand experience centers featuring live ICH demonstrations. Omnichannel integration links offline store traffic with online order management through a unified CRM platform. WeChat Mini Program storefronts enable private-domain traffic conversion, while Meituan and Dianping listings expand discovery reach. Geographic expansion follows a “validate-then-replicate” principle, ensuring operational infrastructure keeps pace with physical rollout. Omnichannel integration effectively expands market reach for local specialty dining (Li, T., & Chen, L., 2022).

Promotion: Promotional strategy integrates new media content marketing centered on “artisan IP” and “intangible cultural heritage crafts,” leveraging TikTok and Xiaohongshu to create visual communication that reduces customer acquisition barriers in remote markets. The “Craftsman Inheritors” short-video series transforms the visual spectacle of dough dancing on the tip of a knife into organic brand-building content. Cross-border partnerships with Datong cultural tourism platforms convert travel interest into dining trial, while a tiered membership system enhances repeat-purchase rates through points, exclusive benefits, and viral activity mechanics. Structured promotional campaigns during heritage festivals and national Intangible Cultural Heritage Month create seasonal revenue spikes of approximately 15%–20% above baseline monthly sales.

3.5 Financial Analysis

Financial projections are based on the 2026 operating base (annual revenue of RMB

36 million, gross profit of RMB 15 million) as reported in the company’s 2024 audited accounts, adjusted for expected new store openings. The model assumes an average gross profit margin of 42%–43% (consistent with industry benchmarks for standardized noodle chains; China Catering Association, 2024), a COGS ratio of approximately 38%, and annual revenue growth driven by the planned addition of 8–12 new stores per year across provincial core cities and Beijing-Tianjin-Hebei markets. Fixed costs per new store are estimated at RMB 1.2 million (fit-out and equipment) based on quotes obtained during the 2025 field interviews. The five-year projection (2026–2030) yields steady growth in revenue and profit as shown in Table 2. Initial investment is expected to be fully recovered within approximately 2.3 years on a dynamic (discounted) basis. The return on investment continues to increase over time as new store fixed costs are amortized and brand recognition reduces marketing spend per unit.

Table1 ROI

Year	Revenue	Profit	ROI
2026	2500	800	50%
2027	3000	950	63%
2028	3600	1150	75%
2029	4200	1400	90%
2030	5000	1700	110%

Beyond top-line projections, three key investment appraisal metrics confirm the financial viability of the expansion plan. First, the Net Present Value (NPV), calculated using a discount rate of 10% (reflecting the weighted average cost of capital estimated from industry comparables), amounts to RMB 24.9478 million, indicating that the project generates substantial value above the required rate of return. Second, the Internal Rate of Return (IRR) is 58.45%, far exceeding both the WACC and the typical industry hurdle rate of 15%–20% for catering chain investments, which signals a highly attractive risk-adjusted return profile. Third, the dynamic payback period is less than 2.5 years, meaning the cumulative discounted cash flows turn positive before the end of Year 3. Regarding financial risk, the debt-to-asset ratio is projected to remain between 21% and 24% throughout the forecast period, which is well below the 40% threshold typically associated with elevated financial distress risk in the catering sector. The gross profit margin is expected to stabilize in the 42%–43% range, consistent with the brand’s

current cost structure and the price premium its ICH positioning commands. Taken together, these indicators demonstrate that the expansion strategy is not only strategically sound but also financially robust and sustainable over the medium term.

3.6 IRR Analysis

Internal Rate of Return (IRR) is the discount rate at which the Net Present Value (NPV) of all project cash flows equals zero, representing the annualized effective compounded return rate that makes present value of future cash inflows exactly equal to the initial investment. A project is financially viable when its IRR exceeds the required rate of return or cost of capital. Using the projected cash flows from the financial model — an initial outlay of CNY 15 million and annual net operating cash flows of 925, 1,060, 1,249, 1,498.37, and 1,742.5 wan yuan for years 2026 through 2030 respectively — the IRR is calculated by iterative interpolation to be approximately 68.38%. This substantially exceeds the project's required rate of return of 10%, confirming that the expansion yields exceptional returns.

The IRR of 68.38% is approximately 6.84 times the benchmark discount rate of 10%, indicating an exceptionally wide safety margin between the project's intrinsic rate of return and the investor's required return. In practical terms, the project's underlying economics would have to deteriorate by nearly 58 percentage points before failing to meet minimum return expectations. For reference, IRR thresholds in the Chinese catering sector typically range from 20–35% for established quick-service restaurant chains and 35–50% for high-growth specialty concepts. An IRR of 68.38% places Datong Erban's expansion firmly in the highest-return tier, comparable only to the early-stage growth phase of category-defining brands.

The convergence of three key financial metrics — a strongly positive NPV of CNY 32.5098 million, a dynamic payback period of approximately 1.75 years, and an IRR of 68.38% — provides a consistent, multi-dimensional endorsement of the investment case. These metrics are not independently optimized but are derived from the same underlying cash flow model, ensuring that the favorable picture they present is mutually reinforcing rather than the product of selective metric choice. The investment in Datong Erban's cross-regional expansion therefore

satisfies the dual criteria of capital efficiency (rapid payback and high ROI) and time-adjusted profitability (NPV and IRR), making it a compelling opportunity for strategic investors seeking exposure to China's premium specialty catering segment.

3.7 Interview Results

Semi-structured interviews were conducted with five key stakeholders across different functional roles to validate the analytical conclusions and enrich the empirical basis of this study. The following presents representative excerpts organized by interviewee role and research theme.

Interviewee 1: Ms. Zhai, President.

When asked about the strategic rationale behind the commitment to freshly prepared products in a pre-prepared-meal environment, Ms. Zhai stated: "Our core philosophy is to return to common sense. While ready-to-eat meals boost efficiency, they compromise the quintessential stove aroma and quality of traditional cuisine. By parameterizing our techniques, we transform master chefs' expertise into quantifiable standards. This approach allows us to preserve the authentic flavor of intangible cultural heritage even at a revenue scale of 36 million yuan. This differentiation is the source of our 15 million yuan gross profit margin, as consumers are willing to pay a premium for visible freshness." Regarding expansion risks, she identified quality dilution as the primary concern: "We have implemented a partnership system, enabling technicians to become part of a shared interest community. Only by stabilizing the workforce can profits be truly secured." On sustaining profitability during rapid expansion, she noted: "Our core strategy is deep first, then expand. We ensure each new store quickly becomes self-sustaining after launch. Our expansion is driven by the stores' strong cash flow, not external high-leverage financing. This organic growth model gives us stronger financial buffers than competitors during market fluctuations."

Interviewee 2: Master Wang, ICH Shaved Noodle Technique Inheritor (28 years' experience). On standardization challenges, Master Wang explained: "The true challenge in noodle-making is not the cutting technique itself, but mastering the touch, heat control, and measure — skills honed through decades of experience. We have established a dual-track inheritance system: first, all quantifiable parameters are documented in the

Intangible Cultural Heritage Manual, including dough three-glow standards and cutting speed above 80 cuts per minute; second, we implement a one-to-one mentorship program where each master craftsman mentors up to two apprentices for at least a year. Apprentices learn not just techniques but the reasoning behind them.” On retaining young artisans, he described a “heritage inheritance grading system” with advanced positions and compensation packages up to CNY 250,000–300,000 annually for senior technicians, combined with modular training that breaks complex techniques into assessable components with clear milestones, and public recognition through media coverage and national heritage competitions. As a result, the young technician retention rate now exceeds 70%.

Interviewee 3: Manager Li, Store Manager at Datong Core Business District (10 years’ experience). Manager Li highlighted key operational differences between Datong local stores and out-of-province locations. Datong stores primarily serve regular customers accounting for over 60% of clientele, with operational focus on quality consistency and service efficiency. Staff can accurately remember returning customers’ preferences. In contrast, Taiyuan stores cater predominantly to new customers (over 70% of clientele) and business clients, requiring market education and brand promotion. Taiyuan stores have introduced “Intangible Cultural Heritage Skills Display Walls” and noodle-cutting demonstrations during peak hours to visually showcase traditional craftsmanship. Three months after opening, approximately 30% of new Taiyuan customers became regulars — validating the effectiveness of the differentiated city-entry strategy.

Interviewee 4: Director Zhang, Marketing Operations Director. Director Zhang articulated the differentiated brand marketing approaches across geographic markets. In Taiyuan, the strategy focuses on “enhancing the authenticity of intangible cultural heritage and highlighting craftsmanship uniqueness,” targeting a “veteran customer market” where consumers already recognize knife-cut noodles but seek a more authentic, higher-quality product. In the Beijing-Tianjin-Hebei market — characterized as a “curiosity-driven market” — the strategy shifts to cultural empowerment and scene-

based experiences, positioning stores as “Datong cultural experience windows” and collaborating with food influencers to launch the “A Bowl of Noodles to Understand Datong” store exploration campaign. ICH co-branded merchandise is also deployed to boost brand buzz among the high proportion of young consumers in this market.

Interviewee 5: Manager Sun, HR Manager. On retaining core noodle-cutting technicians, Manager Sun described four key incentive components: a “Partner System” allowing core technicians to invest in branch stores with 10%–15% profit shares; a “Skill Inheritance Program” rewarding mentors when apprentices achieve certified promotions; comprehensive long-term benefits including housing subsidies for tenured staff; and “value recognition” through industry event participation and brand promotion invitations. Through these mechanisms, core technician retention now sits below 5% annual attrition. For building the talent pipeline, the company has established a “three-tier talent reserve system”: a Headquarters Core Talent Pool drawing from the existing 11 stores to staff new openings; a Regional Talent Reserve Pool built through partnership programs with local vocational colleges in target markets; and Internal Promotion Channels providing dual career pathways for both craft technicians and operational managers. These findings validate the study’s analytical conclusions and confirm that the proposed strategies are grounded in practical operational reality rather than theoretical modeling alone.

4. CONCLUSION

This study has systematically examined the cross-regional expansion strategy of Datong Urban Knife-Cut Noodles through a multi-framework analysis encompassing PESTEL, Porter’s Five Forces, SWOT, STP, 7Ps marketing mix, and five-year financial modeling, supplemented by primary data from eight field interviews. The analysis yields the following core conclusions, each of which directly addresses the four research questions posed in the Introduction.

Expansion foundation lies in the matching of internal strengths and external opportunities : As the SWOT and PESTEL analyses show, the brand’s core competitiveness rests on the dynamic balance between the uniqueness of its ICH

craftsmanship—standardized through a documented set of quantifiable production parameters and a master-apprentice inheritance system—and scalable operational efficiency. Externally, the favorable combination of consumption upgrading, Datong's cultural tourism growth, digital catering technology diffusion, and ICH-supportive government policy has substantially lowered expansion barriers and enlarged the addressable market.

Scientific strategy and marketing system break geographical restrictions : The gradient expansion strategy of "deepening provincial core cities → radiating Beijing-Tianjin-Hebei high-potential markets → nationwide large-scale expansion" with "direct operation as the main and joint operation as the supplement" adapts to the brand's resource endowment and mitigates brand dilution risks. The comprehensive marketing matrix formed by standardized and localized product strategies, value-oriented and differentiated pricing systems, omnichannel layout and culture-tourism integrated communication realizes the consistent transmission of core brand values and precise adaptation to regional markets.

Sound management and talent system is the cornerstone of high-quality expansion : The flat organizational structure of "CEO + six functional managers" ensures efficient strategic execution; the three-tier talent pipeline and diversified incentive mechanisms stabilize the core technical team and solve the problems of intangible cultural heritage inheritance and talent mobility. Operational innovations such as U-shaped workflow optimization, full-chain quality control and smart kitchen monitoring ensure product consistency and improve operational efficiency.

Financial data verifies the viability and sustainability of the expansion strategy : As demonstrated in Section 3.5, the financial analysis confirms the viability of the expansion strategy. The five-year projections indicate that revenue will grow from RMB 25 million in 2026 to RMB 50 million by 2030, with net profit rising correspondingly. The investment appraisal metrics—including a positive NPV, an IRR substantially above the industry hurdle rate, and a dynamic payback period under three years—collectively verify that the expansion plan generates value well in excess of the required rate of return. The conservative debt-to-asset ratio throughout the projection period

provides additional financial security against unforeseen shocks.

In summary, the analysis presented in this paper demonstrates that the cross-regional expansion of Datong Erban Knife-Cut Noodles is strategically grounded, operationally feasible, and financially attractive. The brand's development model—combining standardized ICH craftsmanship, precision marketing, systematic organizational management, and rigorous financial planning—positions it well for the transition from a regional specialty brand to a nationally recognized ICH catering benchmark. The findings also offer a replicable analytical framework for other local specialty catering enterprises navigating similar expansion decisions.

Recommendations

To help Datong Erban Knife-Cut Noodles maintain core competitiveness in cross-regional expansion, achieve the 2030 revenue target of 70 million yuan, and provide reference for the industry, the following targeted recommendations are proposed based on research results and interview feedback:

Optimize digital supply chain and strengthen cross-regional quality and cost control

Accelerate the construction of a "digital middleware + distributed warehousing" supply chain system, build an AI-based intelligent supply and demand forecasting system to reduce the supply chain loss rate to below 3%, and set up regional central warehouses in key expansion areas to ensure the freshness of ingredients. Sign long-term direct supply agreements with core raw material suppliers to lock in prices and mitigate price fluctuation risks; establish a standardized admission and evaluation system for local auxiliary material suppliers, and realize digital traceability of ingredient quality to ensure cross-regional product consistency.

Deepen the integration of intangible cultural heritage and scene experience, and refine private domain operation

Upgrade the store experience by adding an intangible cultural heritage skill interactive area and integrating Datong regional cultural elements into store design, turning stores into "Datong cultural experience windows". Build a refined private domain traffic matrix based on the CRM system, implement hierarchical member operation, and deliver high-quality content on new media platforms to realize the conversion of public domain traffic to private

domain and improve user loyalty and repurchase rate.

Improve talent training and incentive mechanisms to solidify the foundation of intangible cultural heritage inheritance

Optimize the intangible cultural heritage inheritor certification system and add high-level technical positions with matching compensation; deepen industry-academia cooperation to launch customized training programs and build a stable talent pipeline; introduce regional talent support policies to incentivize core technicians to work across regions; build a skill exchange platform to organize regular competitions and experience sharing to improve the overall craftsmanship level.

Strengthen cross-regional operation control and improve large-scale expansion risk resistance

Formulate detailed standardized SOP manuals for store operations to ensure cross-regional operational consistency; upgrade the digital management system to realize real-time monitoring and early warning of remote store operation data; establish a regional supervision system to bridge the communication gap between headquarters and stores; improve the risk management system, formulate contingency plans for food safety, talent loss and other risks, and build a multi-dimensional risk prevention system.

Explore diversified business forms and expand brand profit boundaries

Build an integrated revenue model of "catering + cultural creativity + tourism": develop intangible cultural heritage cultural and creative products and realize multi-channel sales; deepen the integration of culture and tourism, cooperate with tourism departments and platforms to launch co-branded packages and integrate stores into tourist routes; explore the pre-made food track and develop semi-finished products such as secret sauce and knife-cut noodles to cover home dining scenarios and enrich revenue streams.

In conclusion, the cross-regional expansion of local specialty catering brands is a systematic project involving products, marketing, management, talent and supply chain. Datong Erban Knife-Cut Noodles needs to adhere to the essence of intangible cultural heritage craftsmanship and brand core values, continuously optimize the strategic layout and operation system, and innovate the brand experience to achieve steady expansion in the

market competition. It is expected to become a benchmark brand representing Shanxi catering culture, and provide replicable experience for the large-scale and branded development of China's intangible cultural heritage catering industry, promoting the inheritance and development of Chinese catering culture

5. REFERENCES

5.1 Digital Accounting Utilization

The findings indicate that Chinese SMEs increasingly adopt cloud accounting systems due to their flexibility, scalability, and operational efficiency. Entrepreneurs reported that digital accounting systems improved financial monitoring and significantly reduced administrative workload. Unlike traditional accounting systems that require manual data entry and physical document storage, cloud-based accounting platforms allow real-time access to financial information through internet-connected devices. This capability enables SME owner-managers to monitor sales performance, expenses, taxation, payroll, and inventory remotely, thereby improving managerial responsiveness and operational control (Dimitriu & Matei, 2015).

Participants also emphasized that cloud accounting systems improved collaboration between entrepreneurs, accountants, and financial consultants. Financial data could be shared instantly across departments, reducing delays in reporting and improving coordination in decision-making processes. Chinese SMEs operating in e-commerce and platform-based business environments particularly benefited from cloud systems because digital transactions could be integrated automatically into accounting records, reducing repetitive manual tasks and improving reporting consistency (Li & Huang, 2023).

Artificial intelligence (AI) integration was found to improve transaction processing efficiency, predictive analysis, and financial forecasting capability. AI-assisted accounting systems automate repetitive bookkeeping activities such as invoice recognition, expense categorization, tax calculations, and bank reconciliation. Entrepreneurs explained that automation reduced human error and increased accounting accuracy, especially in businesses with high transaction volumes. AI-powered systems also generated predictive financial insights by analyzing historical financial patterns and operational trends, enabling

entrepreneurs to anticipate liquidity problems and manage cash flow more effectively (Kokina & Davenport, 2017).

Moreover, SMEs utilizing AI-assisted accounting platforms demonstrated greater responsiveness in pricing decisions, inventory management, and cash-flow planning. Some entrepreneurs reported that AI-based dashboards provided automated financial alerts regarding unusual expenses, declining profit margins, or delayed customer payments. These intelligent warning systems strengthened managerial agility and reduced financial risk exposure in highly competitive digital markets (Wang et al., 2022).

Real-time financial reporting also emerged as a critical factor enhancing managerial agility and operational decision-making capability. Traditional accounting systems often provide financial reports monthly or quarterly, which limits the entrepreneur's ability to respond quickly to changing business conditions. In contrast, digital accounting systems provide continuously updated financial information, allowing SMEs to monitor operational performance immediately and adjust business strategies proactively (Alles, 2015).

Several participants noted that real-time dashboards improved their confidence in operational planning because they could evaluate current financial conditions instantly rather than relying on outdated reports. Entrepreneurs operating in rapidly changing sectors such as online retail, logistics, and digital services particularly valued immediate access to financial indicators because business conditions and customer demand fluctuate continuously. As a result, real-time reporting improved not only financial monitoring but also strategic adaptability and competitive responsiveness.

5.2 Accounting Information Quality

Accounting information accuracy improved significantly through automated transaction recording and integrated digital systems. Entrepreneurs emphasized that accurate financial data enhanced confidence in budgeting, pricing strategies, and investment decisions. Automated accounting systems minimized manual recording errors by synchronizing financial information directly from digital payment platforms, e-commerce systems, and banking applications. This integration reduced discrepancies between operational transactions and accounting

records, thereby strengthening the reliability of financial information (Romney & Steinbart, 2021).

Participants also reported that digital accounting systems improved financial transparency and reduced uncertainty in managerial decision-making. Entrepreneurs who previously relied on fragmented spreadsheets or handwritten records explained that integrated accounting systems provided more consistent and structured financial information. Accurate financial reporting was particularly important for SMEs seeking external financing because banks and investors increasingly require reliable digital financial records before approving loans or investment support.

Timeliness emerged as another critical factor influencing operational responsiveness and financial control. SMEs utilizing real-time reporting systems demonstrated stronger capability in managing liquidity, monitoring operational expenses, and responding to unexpected financial changes. Entrepreneurs highlighted that delayed financial reporting often resulted in reactive rather than proactive decision-making. For example, late identification of declining cash flow could lead to inventory shortages, delayed supplier payments, or operational disruptions.

Real-time accounting systems reduced these risks by allowing owner-managers to monitor daily revenue, expenditure patterns, and outstanding liabilities immediately. This capability was especially valuable in digital commerce environments where transaction volumes fluctuate rapidly and business conditions change continuously (Alles, 2015). Timely accounting information therefore strengthened both operational efficiency and financial risk management capability.

Understandability improved substantially through dashboard-based accounting interfaces, visual financial analytics, and simplified reporting formats. Many SME entrepreneurs possess limited formal accounting education and often struggle to interpret traditional financial statements containing technical accounting terminology. Digital accounting systems addressed this limitation by presenting financial information through graphs, charts, performance indicators, and color-coded dashboards that simplified financial interpretation (Amoako, 2013).

Entrepreneurs explained that visual presentation formats increased their confidence

in understanding financial performance and identifying operational problems. For example, dashboard systems displaying cash-flow status, monthly profit trends, and expense categories through visual indicators enabled faster comprehension compared with conventional accounting reports. As a result, digital accounting systems enhanced accounting accessibility for non-specialist business owners and strengthened practical decision-making capability.

Cybersecurity reliability was identified as an emerging concern among SMEs due to increasing dependence on cloud infrastructure and online financial systems. Although digital accounting systems improve operational efficiency, they also expose enterprises to cybersecurity threats such as data breaches, unauthorized access, ransomware attacks, and financial fraud (Bhimani, 2021). Several entrepreneurs expressed concern regarding the protection of confidential financial information stored within cloud-based accounting platforms.

Participants emphasized that cybersecurity weaknesses could significantly damage business credibility, financial stability, and customer trust. SMEs with limited technological expertise were found to be particularly vulnerable because they often lacked dedicated IT security personnel or advanced cybersecurity infrastructure. Consequently, entrepreneurs increasingly viewed cybersecurity reliability as an essential component of accounting information quality rather than merely a technical support issue.

The findings suggest that improving accounting information quality in Chinese SMEs requires not only technological adoption but also stronger cybersecurity awareness, employee training, and digital governance systems. Accounting modernization therefore involves an integrated combination of technological capability, organizational readiness, and managerial competency.

7. CONCLUSION

This study investigated the factors affecting digital accounting utilization and accounting information quality in developing financial decision-making capability among SMEs in China. The findings identified two major dimensions influencing accounting digitalization effectiveness: Digital Accounting Utilization and Accounting Information Quality. The first dimension, Digital

Accounting Utilization, consisted of cloud accounting adoption, artificial intelligence integration, and real-time financial reporting capability. The second dimension, Accounting Information Quality, consisted of accuracy, timeliness, understandability, and cybersecurity reliability. Together, these dimensions significantly contributed to improving financial monitoring, operational responsiveness, and strategic managerial capability among Chinese SMEs.

The findings demonstrate that digital accounting systems play an increasingly important role in enhancing financial transparency, reporting efficiency, and entrepreneurial decision-making capability within China's rapidly evolving digital economy. SMEs adopting cloud-based accounting platforms and AI-assisted financial systems were found to possess stronger capability in budgeting, cash-flow forecasting, operational cost control, and investment planning. The automation of accounting processes reduced human error, improved reporting consistency, and strengthened confidence in financial information. In addition, real-time reporting systems enabled entrepreneurs to respond more quickly to changing market conditions, customer demand fluctuations, and operational risks, thereby improving overall business agility and competitiveness (Alles, 2015). This study also highlights the growing strategic role of accounting information systems beyond traditional bookkeeping and regulatory compliance functions. Digital accounting systems increasingly function as integrated managerial tools that support data-driven decision-making, operational planning, and long-term business sustainability. The findings support the argument that accounting modernization should not be viewed solely as a technological upgrade, but rather as a transformation of organizational capability, managerial practice, and financial governance (Romney & Steinbart, 2021).

A significant contribution of this study is the recognition that accounting information quality and digital accounting utilization are interrelated and mutually reinforcing dimensions. SMEs that actively utilize digital accounting systems tend to generate more timely, accurate, and understandable financial information. Simultaneously, higher-quality accounting information increases entrepreneurs' trust in accounting systems and encourages more consistent use of digital financial tools. This reciprocal relationship strengthens the theoretical understanding of accounting information systems within entrepreneurial and SME contexts.

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