

Company Name: Secret Recipe

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ABSTRACT

Research Focus-Issues in Asian Company (Secret Recipe)

Secret Recipe has launched its market to several countries such as Singapore, Indonesia, Thailand, Philippines, and China and all over Malaysia. It expects its market will launched internationally in the future. Secret Recipe has earned numerous accolades every year; some of the more prominent ones are * Best Cheesecake Award 1998 * Most Original Chocolate Award 1999 * Best Cheesecake Award 2000 * Best Lamb Stew Award 2001 * Enterprise 50 Award 2002 b. Vision .The **purpose** of this project is to analyse the issues facing by the company and give some suggestions to overcome the problem,enhance learning in organisational behaviour and by joining this project student can learn other cultures.The **methods** that we are going to use to complete this research are by interviewing which enable face to face discussion,brainstorming by having discussion in group to solve the issues,survey,online research method to get more information such as company's history and company's oraganisation,questionnaire. Based on the **research** the issues faced by Secret Recipe Company are financial management process,employee problems,increase in price of the product due to raw materials scarcity and hight cost production ,competition,and weakness in internal control(human resource). Based on this project we can **conclude** that this project can be a new and effective way and solution for the companies that are facing issues in their business.We also get an opportunity to work as a consultant and get experience in providing solution for companies in Asia.Through this project we have learnt and gain knowledge and expand our networking.

1. INTRODUCTION **SECRET RECIPE COMPANY**

Secret Recipe Cakes and Café Sdn Bhd (doing business as **Secret Recipe**) is a Malaysian halal-certified café chain company established since 1997. It has branches in Singapore, Indonesia, Thailand, China, Brunei, Cambodia, Myanmar, Maldives and Bangladesh. It serves cakes and fusion food in a service environment. As a leading and largest café chain in Malaysia with Halal-certification awarded by Jabatan Kemajuan Islam Malaysia (JAKIM), Secret Recipe is committed to continue to adhere to the standards of preparation of all food and processing plant in the restaurant in accordance to the regulatory guidelines including HACCP and VHM guidelines.

It was founded in 1997, the company has registered double digit growth for the past five years. On 15 February 2014, Fosun International, a Chinese investment company invested a total of RMB210.5 million (\$30.7 million) in Secret Recipe, thus becoming the second largest shareholder in the company. Since its establishment, Secret Recipe has expanded to over 440 cafés throughout Asia.^[6] The company opened branches in Australia, but due to the high costs of starting up a franchise, the operation was ceased. Secret Recipe also plans to enter the India and New Zealand markets in the future.

Secret Recipe Cakes and Cake offers a friendly and personalized full services dining experiences for customers and incorporates a modern contemporary and vibrant interior concept with comfort ambience, and great food. It provides a great recipe for customers to enjoy good food and quality time with friends, family or associates, after a long day at work. Secret Recipe promises a value lifestyle proposition of great variety and quality food at affordable prices. The uncompromising quality of food and desserts using quality ingredients, coupled with moderate pricing, has created a new lifestyle cult, comprising of a loyal base of food and cake lovers. Awards that Secret Recipe has received are best Cheesecake award 1998, Most original chocolate cake award 1999, Best cheesecake award 2000, Best lamb stew award 2001, Young Entrepreneur of year 2003, Best in marketing platinum award

2. BACKGROUND OF IDEA

Secret Recipe Cakes and Café Sdn Bhd is a Malaysian halal-certified café chain company established since 1997. It has international branches in Singapore, Indonesia, Thailand, China, Brunei, Cambodia, Myanmar, Maldives and Bangladesh. It serves cakes and fusion food in a service environment. It offers more than 40 types of cakes like cheesecakes, chocolate cakes, brownies. Health cake was introduced to the market as the market shift to healthier lifestyle. Sugar free and trans free cake such as Sugar free moist chocolate cake and Hi-Fibre cream cheese cake gets good review from customer. It also do have service of baking cake in shape of different character of Disney cartoon based on the preference of customer's choice. The cake reservation must be made in three days earlier.

As Secret Recipe is a multinational company in Asean, it has its own competitors in their business such as Dunkin' Brands's, Peet's, Starbucks. As these companies also sell some same product as Secret Recipe, it has been a tough competition for Secret Recipe. As Secret Recipe sells tastier and delicious dessert it can compete with its competitors. Secret Recipe also has good information about marketing through their franchise concept and knew a great deal about how to attract and maintain loyal customers. All the data, information will be provided by the franchisor to maintain their standard of service. Secret Recipe successfully took over throne by providing the best Order Qualifiers compared

to their competitors. It is proven that customers are satisfied with their service which makes them to win this award.

The consumer segmentation gives a big opportunity for secret recipe company to develop their business. The range of target individuals are from 20-40 years old. This will be the better market group as they would like to try more new kind of food. They also target upper and middle class society as they sell quite expensive dessert. As high demand from customers, the company has high opportunity to open a branch in another area. It will help them to serve the market better and also increase the profit.

As the trends nowadays people love to dine out, trying new dessert and pamper themselves with small affordable luxuries, Secret Recipe has the opportunity to serve the larger market and increase their profit.

3. METHODOLOGY

The methodology proposed in this research is composed with a literature review, with some search information on the internet, which information is supported by fact and the component correspondent to the company's website, news as well as articles. In this way, the reader will understand Secret Recipe's marketing strategy as to how they show every purchase is habituated by the previous experience with the company. Here we have used cyber-ethnography to some extent to analyze the online data. Our group members also had discussion to gather more information about this research. We had conducted an interview regarding the problems faced by secret recipe.

INTERVIEW RESULT

Based on the interview result we conducted, we have found out that Secret recipe are maintaining a good relationship with their customers. The customers are satisfied with the consistent taste of food they give to their customers. They have many repeat customers as they like to the taste of the food they produce. Besides that, based on the survey we knew that they are giving quality food for high prices. Most of the customers do not have any deal with the money as it gives them a quality food. We made an interview in different branches in Penang. The customers are satisfied with their customers services they make at all the branches. Secret Recipe always record their customers feedbacks on a regular basis and implement suitable strategies in the light of the feedback.

4. PROBLEMS FACED BY SECRET RECIPE

Controlled Promotions

In term of promotion, Secret Recipe standardizes their promotions to apply to all outlets. But they are sometimes not applied to high profile outlets such as KL Sentral where it being attraction of tourist and travellers. This is in place to ensure the potential revenue of those high-profile outlets do not decrease. This method enables the franchisor to control the promotions and ensure that particular outlet receives enough revenue to run without any financial problems and stable inventory turns over.

Inconsistent Product Quality

Several criticisms exist for current Secret Recipe's activities and it is their indirect disadvantages. Secret Recipe has 2 outlets in Sabah state and 3 outlets in Sarawak state. The customers in East Malaysia critic that the cakes they purchase at East Malaysia do not taste the same as in West Malaysia. This is support by the fact of Secret Recipe's franchise method whereas they are having factory-based supplies. Therefore, Sabah and Sarawak receive the cakes from their Johor Bahru factory which is in West Malaysia. The cakes kept in the freezer for longer time until they are delivered to East Malaysia. This makes the quality to drop slightly and of course the critic will exist if this is the case.

Factory Based Supply's Limitation

Factory based supplies does makes the product to be delivered to all outlet and quality kept consistent. But it is complicated when they have outlets in far places like Sabah and Sarawak which they cannot really rely on Johor Bahru's factory to supply the cakes as the quality might drop in delivery. To avoid this, the franchisor needs to open more factories at far places to cater the demand and supply more consistent. This is an indirect disadvantage of following factory-based supply because the more factory that the firm opens, the more investment required and profit margin will drop. This will tie the franchisor by limiting investment to other crucial department such as research and development.

Inconsistent Staff Training

Staffs are trained only when opening new outlet. When a staff quit in any of the outlet, the franchisor tends to hire new staff in rush and provide training. The new staff will be lack of experience and no consistency found in the service provided by the staff. Secret Recipe does not have any training institution to provide consistent training.

5. SOLUTIONS

Controlled Promotions

Secret Recipe collaborates with other popular brands to provide stronger approach over their promotions. Recently, they collaborated with Nestle and RHB Bank to provide Hari Raya Promotions. Besides, they conducted lucky draw activities with collaboration of Pensonic. They shake hand with other stronger brand when it comes to promotions. To encourage more promotions, Secret Recipe should advertise their outlet in more channels. Secret Recipe should use more attractive methods of promotions to increase their production.

Inconsistent Product Quality

Quality control is consent of every franchisor as well as Secret Recipe franchisor. To ensure the quality and taste of their core product cakes, especially special flavored cakes like durian, banana, mango, and blueberry are always up to the standard, the franchisor applies factory-based supply method. Factor based refers to one main outlet will do the cakes and then the cakes supplied to out outlets around it. With this, product quality remains consistent for all outlets. Together with ERP in place, the factory will produce in correct required quantity by referring to inventory status. Amount of resources allocated and shared correctly. As the customers in East Malaysia critic that the cakes they purchase at East Malaysia do not taste the same as in West Malaysia the franchisor should introduce the same method in East Malaysia. They should apply the same method which produce the same quality in East Malaysia.

Factory Based Supply's Limitation

The main motive of Secret Recipe is to provide good product, good service and reasonable price. The factory-based supply method in their franchise system really helps them to keep their product quality consistent and they remarkably providing good product all the time throughout all outlet. They hire and train staff off site before opening the outlet and his helps the team to educate the small number of staffs more specifically on how to handle the customers by keeping them on first priority in each of their service. When staffs trained well, the service they provide is good. Secret Recipe sets a reasonable and affordable price on their products. Customers are not forced to buy the whole cake, they are given flexibility to buy pieces of it as well. And the price is reasonable for every piece.

Inconsistent Staff Training

Staff should be given necessary training. Staffs who receive necessary training is more able to perform in their job. A training program allows you to strengthen those skills that each employee needs to improve. A development program brings all employees to a higher level so that they have skills knowledge, they acquire new skills, increasing their contribution to the business and building their self-esteem.

6. FINDINGS AND DISCUSSION

1) Product and Country

Malaysia is the world's most popular country with multiracial people and they have high rate of food demand. Because, food is the one of the main basics to survive. The food consumption growth in Malaysia will become increase as the demand increase among people. The rise of Malaysia food consumption is significantly good economic prospect and will impact on the world food demand. This one of the reasons to Secret Recipe a good prospect of business opportunities in choosing Malaysia as the target country to invest in. Secret Recipe is committed to continue to adhere to the standards of preparation of all food and processing plant in the restaurant in accordance to the regulatory guidelines including HACCP and VHM guidelines.

Secret Recipe has chosen franchising as the market entry strategy. Franchising is defined as requirements of a manufacturer (franchisor), in exchange for the right to market the franchisor's goods or services. It provides a great recipe for customers to enjoy good food and quality time with friends, family or associates, after a long day at work. Secret Recipe promises a value lifestyle proposition of great variety and quality food at affordable prices. The uncompromising quality of food and desserts using quality ingredients, coupled with moderate pricing, has created a new lifestyle cult, comprising of a loyal base of food and cake lovers. Awards that Secret Recipe has received are best Cheesecake award 1998, Most original chocolate cake award 1999, Best cheesecake award 2000, Best lamb stew award 2001, Young Entrepreneur of year 2003, Best in marketing platinum award.

2. Target Market

Secret recipe targeted their product to specific people especially working class people and teenagers. It chooses the working-class people because of high income and modern styles among the people of those lived in cities. Malaysia is the one of the multiracial countries that easily to use target markets for price, distribution channels and promotion efficiently.

3. Culture and Language

Culture is considered vital for marketing because it reflects perceptions, social interactions. Culture influences affect the buyers' decision on the product. However, Secret Recipe needs to understand the Malaysian culture in driving the consumer's behavior and perceptions. Language is one of the keys to enter a country's culture. It plays a vital role in international marketing communications. Malaysia has many multicultural groups which communicate in their own respective tongue, but yet most of the Malaysian people understand one common language, which is Bahasa Malaysia. Language important as marketing communication tool in advertising, promotion, public relations, and business negotiations.

4) Design of the Outlet

Secret Recipe targets the independent adults means those who are working and young teenagers. Besides, the interior design of all their outlets must be to have the luxury or it must be well-designed to attract and provide the customer with modern facilities. The stylist and design of the outlets will provide comfortable and good satisfaction among customers to think that they are dining in a place where they can find the great desire of luxury with their self-esteem as well. Secret Recipe ensure must have the cleanliness and make sure that the place is hygiene and the people working at Secret Recipe should be polite when handle with customer. Since, all the customers have a preference in dining in a place polite waiters and supervisor

7. BENEFITS

High demand business like secret recipe needs higher promotion to obtain best result in their business. Recently Secret Recipe has collaborated with Nestle and RHB Bank to provide Hari Raya promotion in 2018 has increased their number of customers. They offer discounts to promote their outlet. They even collaborated with Pensonic and conducted lucky draw events as it is one of their strategies to promote their business and let it flourish. Promotion is the key element in putting across the benefit of their product to the customers. Well designed promotion as Secret Recipe ensure long term success, bring in more customers and ensure profitability for business. Promoting their outlet in different ways such as advertising it in many channels helps to build sales and profit and increase customer traffic. Quality control such as one main outlet will do the cakes and then the cakes supplied to out outlets around it, increases the satisfaction of the customers. Customers are greatly benefited as they get better quality product on account of quality control. By producing better quality products and satisfying customers needs, quality control raises the goodwill of the concern in the minds of people. A reputed concern can easily raise finances from the market. Quality control ensures production of quality products which is immensely helpful in attracting more customers for the product thereby increasing sales. Quality control can ensure Secret Recipe that they produce an uniform product with same taste and standard. By providing good quality of cakes Secret Recipe has the potential to develop their business

8. RECOMMENDATION

The Secret recipe should pay an extra precaution on the supplies of food ingredients delivered so as to ensure that the goods they ordered are indeed approved by the government's health regulations to reduce inconsistent product quality. They should increase their product line. Segmenting their customers, they can bring efficiency. Proper promotional activities through many channels should be handling out newly entered Malaysia market that can target their customers to make them loyal consumers. They should give proper facilities to their potential customers.

Every employee of Secret Recipe is provided with training, but we believed that the training content is maybe no enough to stimulate the sense of responsibility towards representing the brand name and image. An effective and efficient training should be emphasized and it should be able to make each employee really understand what the service philosophy of Secret Recipe is and also always make them remember that they are representing the brand of Secret Recipe. A short, simple and different topic of training can be included in the daily briefing in opening of every shift.

9. CONCLUSION

Secret Recipe has established well in their unique market. The operation conducted resulting steady growth and promises profits. Secret Recipe is a international company that have faced many challenges while operating. These challenges include : political , social , cultural , economic , environmental , legal , communication , business establishment and their infrastructural issues. Secret Recipe being an food company which specialise on cakes should focus more on the food they make. Secret Recipe should open a new website whereby the customers could directly order to them not through a medium. Despite all the problems they have faced , they have overcome it and people still like to eat their foods. They have done quite well in handling their customers. Secret Recipe has one of the best marketing strategy in the food industry . They will attract more customers by using this marketing strategy.. They collect the weakness then find implement the appropriate solutions as well as being flexible to cater the menu to suit the local taste and demand. Secret Recipe is a well growing franchise business both locally and globally with more than 150 outlets.

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