

## **Business Idea For KFC Malaysia: A Study of Potential Business Idea For KFC Holdings (Malaysia) Berhad**

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### **ABSTRACT**

KFC Malaysia is a food chain restaurants based in Malaysia which currently have over 700 restaurants around the peninsular and Sabah/Sarawak. This research is about new idea for KFC Malaysia to apply to their business. The target markets are wildly consist of social and economic. There are three main ideas to be implemented by KFC Malaysia in this research which is : 1- Self-service Counter, 2- Vegetarian-based dish, 3- Restaurants for the Homeless to Work. Financially, it will take a huge financial funding for these ideas to be implemented and be considered a success.

### **INTRODUCTION**

KFC, also known as Kentucky Fried Chicken worldwide, is a fast food restaurant chain which located in Louisville, Kentucky and specializes in fried chicken dishes. Currently, KFC is the second-largest restaurant chain in the world after McDonald's as measured by sales with more than 22,000 locations in among 136 countries as of December 2018. KFC is a subsidiary of Yum! Brands which also owns Taco Bell, WingStreet, Pizza Hut, and A&W Restaurants. Founded by Colonel Harland Sanders in 1930 when he took over a Shell filling station just outside of North Corbin, Kentucky. It was here that Colonel Harland Sanders first served the recipes that he had learned previously such as fried chicken, steaks, and country ham to travelers. Colonel Harland Sanders was given the honorary title of Kentucky Colonel by Ruby Laffoon (Kentucky Governor) in 1936. As of July 1940, Sanders finalised his widely recognized "Original Recipe" which consist of 11 herbs and spices. In 1952, Colonel Harland Sanders franchised his recipe to his friend Pete Harman, who operates one of the city's largest restaurants. Pete Harman trademarked the phrase "It's finger lickin' good" which eventually being used in all of KFC's chains worldwide. Pete Harman also introduced "bucket meal" which consists of 14 pieces of chicken, five bread rolls, and a pint of gravy in a bucket. By 1963, there were 600 KFC restaurants worldwide.

By the early 70's KFC's original recipe reached Malaysia. The first KFC restaurant was opened on Jalan Tunku Abdul Rahman in 1973. As of today, KFC Malaysia has more than 500 operating franchises around Malaysia and this number continue to grow day by day. KFC Malaysia is currently operated by KFC Holdings (Malaysia) Bhd. KFC Holdings (KFCH) also operates RasaMas restaurant chain in Malaysia. Furthermore, KFCH is involved in ancillary businesses such as baking, sauce productions, and vegetable farming as well as poultry production and processing. Besides Malaysia, KFCH also operates KFC franchises in Singapore, Brunei, India, and Cambodia which contributed to the company high reputation for efficient friendly service, excellent product, and financial strength among big companies in Malaysia.

The first Speech & Hearing impaired KFC restaurant was first opened in Jalan Imbi, Kuala Lumpur on 15th November, 1986. The 250th KFC restaurant was opened in KLCC on 8th May 1998, 500th KFC restaurant was opened in Subang 2 on 15th

January 2011 and 700th restaurant was opened in Bandar Sri Sendayan, Seremban on 18 September 2018. This proved that KFC continues to grow year by year in Malaysia with restaurants being opened all around the peninsula and East Malaysia. KFC Malaysia continues to win more awards during the year 2016-2019 such as Putra Brand Awards, WARC Awards, Singapore Media Awards, Malaysia Media Awards, Festival of Media APAC Awards, and Tambuli Awards.

As of today, KFC Malaysia provides both products and services toward its customers. KFC Malaysia product range consists of fried chickens, burgers, fries, porridges, and nuggets while the services consist of catering, food deliveries, birthday party, and online orders (self collect).

#### Idea Background

#### Product/Services

Product refers to goods (manufacture product) or services (service product) that are offered by a company in a market. To be specific, manufacture product means a product that is concrete, tangible, and can be stored while service product means an activity or process, intangible, and impossible to store. Furthermore, manufacture products refer to "product" while service products refer to "service".

KFC Malaysia offers a wide variety of meals (product) in their menus such as Chicken Meals, Burgers, Sides and Snacks, and Drinks. Chicken Meals consist of fried chickens often served with drinks and side dishes. The most famous Chicken Meals are Snack Plate and Dinner Plate which include fried chicken, rice, drinks, and coleslaw. As for Burgers, there are Zinger Burger, and Colonel Burger while Sides and Snacks consist of Nuggets, Crispy Tenders, Cheesy Wedges, Whipped Potato, and Coleslaw. It is widely known that KFC Malaysia doesn't offer vegetarian-based meals in their menus yet.

Moreover, services offered by KFC Malaysia at their restaurants are top-notch too. The services consist of food delivery, cashless payment (ATM cards and E-wallet), online orders (self collect), catering, and birthday party. For food delivery, KFC Malaysia has their own riders to deliver orders. KFC Malaysia also collaborates with food delivery companies such as Foodpanda, GrabFood, DahMakan, and DeliverEats. Food delivery services are used widely in Malaysia especially in urban cities such as Kuala Lumpur, Penang, and Johor Bahru. Due to traffic congestion during lunch and dinner hours, this kind of service is helpful for customers. Next, cashless payments are increasingly common among customers nowadays. Cashless payments that are being used in KFC Malaysia are payments by debit or credit cards (ATM cards) and e-wallet. As for e-wallet, currently only Touch'n'Go E-wallet and Boost E-wallet that are accepted at certain restaurants while debit/credit cards payments are accepted at all restaurants. KFC Malaysia is hopeful that e-wallet system will be successfully implemented across all restaurants.

Besides that, KFC Malaysia has an application for Android OS and iOS likewise which is "KFC Malaysia". Customers can order online via the app and self collect their orders at the nearest KFC outlets that are selected. Customers can use the delivery service via this app. The app also contains information about latest promotions, prices, and nearest KFC locations. For catering, KFC only caters products such as Fried Chicken, Whipped Potato, Butterscotch Bun, Nuggets, and Wedges. Temperature sensitive or chilled products such as Fries, Rice, Cheesy Wedges, and Burgers will not be available for catering. Minimum order of 300 packs are required and a transportation fee of RM30 will be charged for orders less than 1,000 packs. For birthday party service, there are a

total of 4 packages priced at RM200, RM390, RM590, and RM1,090 respectively. It is widely available in Klang Valley and partially available in some restaurants at east, north, and southern of Malaysia.

Therefore, there are three ideas to be apply by KFC Malaysia which is 1- Self-service Counter, 2- Vegetarian-based dish, 3- Restaurants for the Homeless to Work.

#### Market Opportunity Analysis

Market opportunity is a situation in which a newly indentified need, want, or demand trend that a company can exploit because it is not yet being addressed by competitors. It also refer to as a potentially favorable condition in which a business can capitalize on a changing trend or an increasing demand. There are three market opportunity for KFC Malaysia in which the company can exploit in accordance to the political, economic, and social environment at Malaysia currently.

#### Political Environment

Political Environment is the state, government and its institutions and legislations and the public and private stakeholders who influence the system. For a firm to operate successfully, the political atmosphere should be good and stable.

#### Economic Environment

Economic Environment refers to all of the factors that affect commercial and consumer behavior economically. Economic environment consists of external factors in the marketplace and borader economy such as how it operates and how successful it might become.

#### Social Environment

Social Environment which sometimes stated as social context, sociocultural context or milieu refers to physical and social setting in which people live or in which something happens and develops. It includes culture that the individual was educated in, the people and the institutions that they interact.

### RESEARCH METHOD

Methodology means a systematic, theoretical analysis of the methods that are applied to a field of study. Methodology comprises the theoretical analysis of the methods and analysis associated with a branch of knowledge. In this research, reseachers will use interview and survey methods to collect and gather data to study.

#### Interview Method

Interviews had been conducted during the research to gather concrete data based on the experience of KFC's manager and worker. The restaurant is located at Jalan Teoh Moh Soo, 09000, Kulim, Kedah. The manager is Nur Azniza Atikah Binti Yaakob while the worker is Nur Salsabila Binti Azman. Interviews are conducted face-to-face and via Whatsapp. The interviews are mainly focused on three main ideas for KFC Malaysia, which is **Self-service Counter**, **Vegetarian Dishes** and **Outlets For Homeless To Work**.

#### Survey Method

Survey is form of convenience sampling that involves the sample being drawn from a part of population that is close hand. For this research, survey is used to gather data amongst USM Students regarding the three main ideas for KFC Malaysia. Survey was

formed using Google Form and are distributed through various social medias platform such as Facebook, Twitter, and Whatsapp. The total sample is 100 which focused on demographic details such as gender, age, occupation, salary, and marital status as well as the three main ideas for KFC Malaysia. Respondents are asked about their opinions on the three main ideas and whether they agree or disagree on the ideas. The survey are divided into two sections : Section A – Demographic and Section B – Three Main Ideas.

#### Data Analysis

The data obtained based on a survey on 100 respondents regarding the research was recorded and analyzed in the table below.

#### Section A – Demographic

Demographic	Category	Frequency	Percentage
Age	18-20	41	41%
	21-23	39	39%
	24 and Above	20	20%
Martial Status	Single	87	87%
	Married	13	13%
Income Level	Below RM3,000	87	87%
	Above RM3,000	13	13%
Occupation	Student	78	78%
	Working Adult	21 (not answered 1)	21%

Table 1

#### Section B – Three Main Ideas

1. Do you agree if KFC Malaysia starts to implement Self-service Counter at the restaurants?

Answer	Frequency	Percentage
Yes	92	92%
No	8	8%

Table 2

2. Do you agree if KFC Malaysia start to serve vegetarian-based dishes for the customers?

Answer	Frequency	Percentage
Yes	89	89%
No	11	11%

Table 3

3. Do you agree if KFC Malaysia provides outlets (with hostels) which consist of workers that are homeless before?

Answer	Frequency	Percentage
Yes	85	85%
No	15	15%

Table 4

### Interview Analysis

Manager – Nur Azniza Atikah Binti Yaakob

Q : Do you agree if KFC Malaysia starts to implement Self-service Counter at the restaurants?

A : To be honest this service will surely benefits not only the customers, but us the workers too. This is because customers don't need to wait in a line anymore and they actually will have a choice whether to queue or to order using the self-service counter. It will surely benefits both party as long queue usually give me a headache and some potential customers won't even enter our restaurant if he or she saw a long queue.

Q : Do you agree if KFC Malaysia start to serve vegetarian-based dishes for the customers?

A : I agree and support this idea if it is being implemented. This is because most of the customers at our branch are Malay, so it will be good if we introduce vegetarian-based dishes to attract other races such as Indian and Chinese to the restaurants as some of them don't eat meat. But the negative effect is that we will have too much dishes on our menu and kitchen, so it will be okay if it is being introduce only for a certain time and special occassions.

Q : Do you agree if KFC Malaysia provides outlets (with hostels) which consist of workers that are homeless before?

A : This will surely benefits us economically and socially as we will fulfill SDG requirements and Corporate Social Responsibilities. If it is to be introduce, the higher up need to make sure everything is well prepared so that the transition is smooth and the new restaurant works perfectly fine.

Worker : Nur Salsabila Binti Azman

Q : Do you agree if KFC Malaysia starts to implement Self-service Counter at the restaurants?

A : I agree as this will surely ease of works and let us calm down a bit when there's a lot of customers. We are always in a hurry if there's a long queue so it can be a bit chaotic behind the counter haha. So I'm sure this service can ease our works and benefits the customers too.

Q : Do you agree if KFC Malaysia start to serve vegetarian-based dishes for the customers?

A : To be honest my answer might sound selfish but I dont agree with the idea mainly due to we need to learn new SOP (Standard Operating Procedure) to prepare for those vegetarian dishes and it's a nuisance to me. Im sorry. But it is a good idea though.

Q : Do you agree if KFC Malaysia provides outlets (with hostels) which consist of workers that are homeless before?

A : I agree. This will surely boost the image and reputation of KFC Malaysia and who knows it might contribute to us workers too.

## RESULTS AND DISCUSSION

### Idea 1 : Self-service Counter

KFC Malaysia needs to introduce Self-service Counters at the restaurants. In an era where technology usages are increasing day by day, a self-service counters where customers can order manually without the needs of a worker is a must. This idea not only will ease the tasks of the workers but surely will ease the customers too. Customers can choose whether they want to queue up or order using self-service counters. This idea will also helps customers with disabilities to order comfortably. Furthermore, as stated during the interview on manager and worker of KFC's branch in Kulim, Kedah, they tend to be nervous and the environment will be chaotic when there's a long queue ahead so this idea will surely be in help. KFC's rival, McDonalds have already use this system to a great advantage so in order to not get left behind, KFC Malaysia should introduce it too.

In reference to the survey that had been conducted, a whopping 92% of respondents agree that this idea should be implemented by KFC Malaysia. This idea will surely fulfill the social environment as self-service is common nowadays and so does cashless payments. Furthermore, the government of Malaysia has been pushing for a cashless society in accordance to "*Wawasan 2020*".

### Idea 2 : Vegetarian-based Dishes

KFC Malaysia needs to introduce vegetarian-based dishes at the restaurants. In a country of multi-ethnic and multi-cultural, vegetarian-based dishes is a must. Some religions prevent their religious practitioners to eat meat so this idea will surely boost KFC images more. Customers will be excited to try something new and the vegetarian dishes will surely be met with a huge positivity. This statement is supported by the survey in which a whopping 89% respondents and a current KFC Manager agree to this idea. Bear in mind that the survey are conducted on students and staff regardless of race and age. KFC Malaysia will surely be able to fit it on the social environment and even economic environment as healthy dishes are hard to find nowadays.

### Idea 3 : Restaurants for Homeless to Work

KFC Malaysia needs to introduce a restaurants in which the homeless will work and provided with hostels too. Homeless person needs a place to stay but they need money for them to find a place. In order to get money they need to work. By implementing this idea, KFC Malaysia not only fulfill the SDG requirements which will boost their image massively, this will also contribute to Corporate Social Responsibility of KFC Malaysia. A good company image is vital for the well-being of the company. A company that helps the homeless and contribute to the decreasing of numbers of homeless in the country will surely gain huge respect from citizens, government, and even rival companies. This idea is further supported by a total of 85 respondents among 100 respondents that agree to it as well as worker and manager of KFC Kulim, Kedah.

### Idea Application

#### Idea 1 : Self-service Counter

KFC Malaysia should implement the system on a restaurant which located in urban areas. This is because these restaurants usually have a lots of customers so its a good way to test and review the idea immediately. A survey regarding the usage of the self-

service counter should be prepared so that customers can give their opinions about the new system. Any shortcomings can be immediately overcome by the company. As stated in the justification idea section, it is sensible to apply the idea as any long queue can be shortened all the time and there won't be any long queue anymore.

The risk of the idea is mainly will be failure of cashless payment systems. This is because it's impossible to predict when a machine and even the payment system will malfunction so KFC Malaysia needs to be well-prepared to overcome this risk.

#### Idea 2 : Vegetarian-based Dishes

KFC Malaysia should implement this idea on a restaurant with majority Chinese and Indian races near the area. This will surely be a good way to get the reaction from potential customers immediately to come and try the new dishes. KFC Malaysia should also provide free samples of the vegetarian-based dishes in a supermarket or at the restaurants so that customers will be able to provide feedback. Any negative feedbacks must be overcome quickly.

As stated by the manager of KFC Kulim during the interview, this idea comes with a risk. Since KFC already has a lot of dishes so it will be tiresome if there's new dishes. There are also possibilities of wastage. Furthermore, workers might even think it's a nuisance to learn new Standard Operating Procedure of the new dish so they might not cook it perfectly.

#### Idea 3 : Restaurants for the Homeless to Work

KFC Malaysia should conduct this idea at Kuala Lumpur since there's a lot of homeless there. They need to convince these homeless to leave their current lives and start to work and stay at the provided hostels. KFC Malaysia must prevent a risk of failure especially financially since they need to invest a lot of money for a new restaurant and training to be provided to the homeless. A failure of this idea will greatly affect the company.

### CONCLUSIONS

It is recommended that KFC Malaysia experiment with the ideas first before fully implementing it at their restaurants. For example for the second idea, sample food should be given so that customers can review the taste and provide feedbacks immediately. Any negative feedbacks can be settled quickly before the idea is being implemented at the restaurants so that there won't be more negative feedbacks if it's not nice. For the first idea, KFC Malaysia should instruct their workers to teach customers on how to use the machines. This is because if a customer doesn't know how to use it, they might use it wrongly and blame the workers for any mistakes since customers are always right. Lastly for the third idea, a proper meeting and discussions with top officials of KFC Malaysia should be held so that any idea as huge as that can be discussed and implemented successfully.