

# Ayamas food case study | business and marketing analysis of berhad



Speaking about business, the first thing that we will think about is making money or generating profit. Generally, we could say business never sleeps. Every owner of any kind of business would love to generate money non-stop. Running a business without depending to other party is quite impossible. We need to make a deal with other people who own their own business just to make sure that our business will run smoothly. The most important thing in running a business is to possess the knowledge of logistic and warehousing. No matter how big or small your business is, to know your potential suppliers and intermediaries will highly affect the business.

Basically, logistic and warehousing is a management of handling goods from its raw materials to a complete product, then being transported from its point of origin to the point of consumption. It's pretty much about our intermediaries in business, handling the products and how we interact with our suppliers. We can say that logistic and warehousing is like a pulse to every business whether in selling products or offering services. Without this industry, every economic activity will be " paralyzed" thus severe economic recession might occur. That is why government of Malaysia always encourage any interested individuals to join this logistic and warehousing industry to ensure our economic stability is always guaranteed.

Every company is relying on logistic and warehousing services whether it is small or big. Those services are not just ensuring the flow of the business progress but also determine the overall cost that the company need to spend on its business. Hence, proper and precise documentation of financial flows could be established for planning its objectives and for future references.

Without logistic and warehousing, consumers' needs and wants wouldn't be

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fulfil and satisfied thus creating havoc atmosphere among people all over the world.

To make a better picture of how logistic and warehousing would affect businesses, let us make a case-study to have a deeper understanding. For this assignment, I choose to study how Ayamas Food Corporation Berhad operates its company in order to ensure their products will be processed in good way and reach the customers on time.

## 2. 0 Background of Ayamas Food Corporation Berhad.

Ayamas Food Corporation Berhad (AFCB) is a company involved in processing and selling poultry products and running retail businesses. It was established in April 1985 and has its main official headquarter situated in Kuala Lumpur, Malaysia. This company is famous as one of the leading integrated poultry traders nationwide. Its specialisation is in the processing and retailing of poultry products for local and foreign markets.

Basically, this company supplies chicken meat to several well-known restaurants such as KFC, Pizza Hut, and Rasamas restaurants in all over Malaysia. It also offers products to its own brand chain retail shops such as Kedai Ayamas.

Its product range includes: chilled whole chicken parts, minced chicken meat and deboned-chicken meat products; frozen foods products; breaded freezer-to-fryer products consist nuggets, drummets, and midwings, burger patties, chicken meatballs, chicken fingers, and popcorn bites. It also offers fully-cooked advance processed products such as sausages, smoked wings,

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cocktails, meatballs, pizza toppings, and meatloafs. Moreover, the company provides shelf stable products, such as canned curry chicken, canned rendang chicken, chilli sauce, canned oriental sauce chicken with mushroom, as well as tomato ketchup. This company mainly operates in Malaysia. It satisfies a wide range of customers everywhere in the country.

AFCB is a subsidiary of KFC Holdings (Malaysia) Bhd (KFCH). AFCB Group is operating in 'halal' poultry processing, advance food processing, wholesaling and retailing. AFCB runs its processing and advance processing plants at Port Klang.

Other than supplying locally, this company also exports its primary and advance processed products to Singapore, Hong Kong, Brunei, China and the Middle East. At the end of 1999, AFCB Group's retail distribution channel included 25 convenience shops, 10 outlets, five warehouses and 13 Rasa Gourmet restaurants.

A rearrangement scheme including AFCB and QSR Brands Bhd was made in March 2004. The corporate institutions and businesses of AFCB have been reorganized. Former AFCB stockholders retrieved shares in QSR Brands Bhd. The listing status of AFCB on the Official List of Bursa Malaysia has been moved to QSR Brands Bhd. AFCB has been consequently delisted on April 1st, 2004.

Warehousing.

There are basically two types of warehouse which are public and private warehouse. Warehouse is used to store all stocks before going to be

transported to customers. This is also the place where all inventories documentations are made to make sure all stocks are in specific quantity and in good condition. This is important to make sure that they can fulfil any demand from the customers at any time. Besides, this is important to provide a good service in order to retain loyal customers and attract the new ones. This is why possessing warehouses important to a business. Each type of warehouse has its own advantages and disadvantages. To understand better, let us get back to our case-study.

For Ayamas Food Corporation Berhad, of course they have their own warehouses. Since this company is established under KFC Holdings Berhad, they need to have significance number of warehouses in every region of Malaysia since it needs to supply to so many franchises of its mother company's restaurants and other fast foods outlets. Hence, the most suitable type of warehouse for AFCB is private warehouse.

Since they have a private warehouse, they have complete control on the warehouse. They can store all the processed poultry products as much as they want without having to pay for the space like a public warehouse. Besides, they really needs this kind of warehouse since they have to supply the products in large quantities. On 2010, it was stated by the KFCH Berhad managing director, Jamaluddin Ali, over 20, 000 to 50, 000 thousands processed chicken meats needed to be distributed daily all over Malaysia by AFCB because of increasing demand by customers. Thus, big private warehouses are needed by them to ensure those demands are fulfilled at any time. Other than supplying for the fast food outlets, AFCB also produces

its own poultry products. Hence, the raw chicken meats need to be stored to ensure continuous supply to its processing factory.

Most of the warehouses owned by AFCB are refrigerated. This is important to facilitate large numbers of raw chicken meats before they are processed or to be forwarded to the restaurants. Cold storage is needed to protect the quality of the meats by preventing the formation of bacteria on the raw materials. Thus, the meats will be safe to be consumed after being processed.

### 3. 1 Advantage

As stated before, owning private warehouses give several advantages to AFCB. This company have all their space that they want. Thus, maximizing the storage of stocks will enable them to fulfil demands at any time. They also have the flexibility of time utilising the warehouses. No expiry period of using the facilities of the warehouses.

### 3. 2 Disadvantage

Having private warehouse has its own disadvantages, too. Well, basically it's about the cost the company has to bear. Private warehouse needs a lot of cost to be spent. Every bill including the taxes has to be covered by the company. Furthermore, refrigerated warehouse may pollute the environment since it usually releases CFC gases that cause thinner ozone layer.

Logistic activity

Let us understand on how the flow of this company's business progresses from the beginning. Live chickens are transported by lorry from the chicken farms that have made contracts with AFCB to supply the chickens. All the chickens will be brought to slaughter house that usually can be found in its processing factories. After being processed, all the meats will be brought to the refrigerated warehouses to be stored for a specific time. Then they will be returned to the factory to be process to actual products. All the process including the packaging process is done at the factory by the help of modern machinery.. Then, the finished products will be brought back to the warehouse to be stored.

Then, from the warehouse, the boxed products will be picked up by the company's distribution lorries to the outlets all over the country.

### Recommendations

There are several recommendations that need to be done in term of logistic and warehousing context in Ayamas Food Corporation Berhad.

To be a good company, AFCB needs to do its social responsibility. In Europe, several refrigerated warehouses are already built with eco-friendly technology. This kind of warehouse releases no CFC gases which will contribute to better environment. If AFCB uses this type of warehouse, they aren't just did their social responsibility but also encourages other company to do the same thing. Thus, Malaysia will be a better place to live in.

Furthermore, another type of modern warehouse is it is attached with solar panels o the roof. Using solar energy will help AFCB to reduce its cost in warehousing especially about reducing the electricity bill.

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In term of transportation, AFCB may need to increase the number of distribution lorry just to enhance the efficiency on delivering products to all customers.

## Conclusion

Logistic and warehousing is very important to all business. Based on this case-study, we can see that there are several businesses that are depending among themselves. The owner of the chicken farms is depending on AFCB to do business with him. At the same time, AFCB does need supplies from the chicken farms. On the other hands, a lot of other businesses such as fast food restaurants, supermarkets and shops are depending on the processed products by AFCB to satisfy their customers' demand. Thus, proper management of logistic and warehousing is needed by every each of them.

As a conclusion, we can see how important logistic and warehousing really is. Without this activity, every business will gain nothing but loss. As I mentioned before, logistic and warehousing is the pulse of business.