

Din tai fung is a
chinese style
restaurant marketing
essay



**ASSIGN
BUSTER**

BreadTalk Group was incorporated in Singapore in April 2000 as BreadTalk Pte Ltd and has since become a distinctive brand in Singapore that has gained international appeal. It was founded by the current Managing Director, George Quek and his wife, Executive Director, Katherine Lee. The first BreadTalk retail outlet opened on 1st July 2000 at Parco Bugis Junction. It operates a chain of retail outlets through its subsidiary BreadTalk Pte Ltd, selling a wide range of bread, cakes, buns and pastries. The group has a chain of 38 retail outlets island-wide in Singapore, with presence in Malaysia, Indonesia, Thailand, Philippines, Vietnam, Sri Lanka, Hong Kong, China, Oman, Kuwait, Saudi Arabia, Jordan, Bahrain and India.

BreadTalk Group also includes other brands such as:

Din Tai Fung

din tai fung. jpg

Din Tai Fung is a Chinese style restaurant which mainly sells Chinese dimsum and Chinese cuisines. Well, the steamed dumpling (xiao long bao) is the most famous food in Din Tai Fung and almost every customer will order it. There are total 13 Din Tai Fung restaurants in Singapore while the first restaurant is in the upscale Paragon shopping mall.

Food Republic

food republic. jpg

Food republic is a food court that contains many food stalls which sell various Asian cuisines and snacks. The Food Republic has 9 food courts in Singapore

and also, it has food court in other countries such as Hong Kong, China, Malaysia, Taiwan and Thailand.

Toast Box

toast box. jpg

Toast Box is a reflection of the coffee shops from the 60s and 70s, where the common practice for breakfast was a fragrant cup of Nanyang Coffee accompanied by freshly toasted bread. This warm, nostalgic concept was reinvented to bring back fond memories for those who missed the good old times, and for the younger ones to experience the feel and flavors of a bygone era. Toast has more than 30 outlets in Singapore and it also has franchise in Malaysia, Thailand, Philippines, Hong Kong and China.

RamenPlay

ramenplay. jpg

RamenPlay is Japanese ramen restaurant and is a collaboration between BreadTalk Group and Sanpou Co. Ltd. At RamenPlay, everyday is considered a “ playday” as the restaurant constantly pushes the creative envelope to create new flavours and concepts to enhance customers’ dining experience of enjoying traditional ramen.

The Icing Room

icing room. jpg

The Icing Room is the first-ever specialty concept shop that offers Design-It-Yourself (DIY) cake decorative services. At The Icing Room, everything is

very simple to us. With a cream cake is provided to us, all we need to do is go wild and decorate our very own cake on the spot. We are not necessary to buy ingredients, no need to get your hands dirty with baking and no need to wash up.

Carl's Jr

carl's jr. jpg

Carl's Jr. is an American fast-food restaurant chain which predominantly operates in the Western and Southwestern states. The company is currently in the process of expanding to Dominican Republic, Brazil, Puerto Rico, Malaysia, Denmark, Costa Rica, New Zealand, Australia, Singapore, Russia, Vietnam, Turkey and China. Well, BreadTalk Group got a franchise license from Carl's Jr in March 2009.

J. CO. DONUTS & COFFEE

jco. jpg

J. CO Donuts & Coffee is a cafe retailer in Indonesia specializing in donuts, frozen yogurt and coffee. It is owned and managed by Johnny Andrian Group. J. CO Donuts & Coffee began trading in 2005.

Background of the study

Others 6%

Restaurant 21. 0%

China 32. 1%

Singapore 52. 3%

Food Atrium 25. 8%

Bakery 53. 2%

Hong Kong 9. 6%

Figure 1. 0

Figure 2. 0

The figure 1. 0 shows the revenue contribution of BreadTalk from different countries respectively. It shows that Singapore is always the main marketplace of Breadtalk because more than 50% of revenues are from Singapore. While, the second highest revenue is from China and Hong Kong contributes the third most revenue to BreadTalk. The figure 2. 0 shows the revenue contribution of BreadTalk from different businesses respectively. It shows that the core business of BreadTalk is to operate bakery business because it contributes the most revenue (53. 2%). However, operating food atrium business contributes 25. 8% of revenue and 21. 0% of revenue is from running restaurant business.

Figure 3. 0 BreadTalk Group Limited : Income Statement Evolution

The figure 3. 0 shows the financial report (sales, operating profit, net profit, net margin and operating margin) of BreadTalk in the period of 2007 to 2013. It shows the revenue of BreadTalk is rising steadily every year. However, with the increasing revenue, the net profit does not show any

changes and always maintains the same and also, the operating margin faces gradual decline annually.

Problem statement

BreadTalk's revenue shows an optimistic growth annually, however, it will still meet some barriers in operating its businesses. The Porter's Five Forces are used to analyze the food and beverage industry environment, including all the relevant businesses in which BreadTalk operates. It can help BreadTalk recognize its potential risks and threats, so the food company is able to make some countermeasures to deal with its own barriers. The followings are the five forces which BreadTalk has to consider:

Intensity of rivalry

The food and beverage industry is quite competitive in Singapore. For bakery business, there are many bakery shops similar to BreadTalk such as Bengawan Solo, Delifrance, Four Leaves and other bakeries in various shopping malls, hotel and neighborhoods. They all provide the similar products and there is no different in the price among them. In restaurant business, its closest competitors are the Crystal Jade and Imperial Treasure chain of restaurants, both of which offer a similar dining concept at comparable price. In food court segment, the competitors such as Kopitiam, Food Junction and Koufu, which price the food and drink relatively cheaper and they have a wider reach of consumers as they operate a greater number of outlets in Singapore.

Threat of new entrants

To the bakery industry, the threat of new entrants is relatively high. Firstly, the initial outlay is low compared to other industries because of low equipment cost and the research and development are cheaper before starting the business. Secondly, the product differentiation is low as most bakeries sell similar products. To the food atrium and restaurant business, there is a lower threat of new entrants as the capital outlay is significantly expensive. To tap on economies of scale and build its brand name, these eateries tend to open more than one outlet. Relevant expertise in running a restaurant is required. Also, food atrium and restaurant own a large number of outlets each.

Threat of substitute products

Product substitutes are a strong threat in the bakery industry as their prices can be comparatively lower and customers face low switching costs. Any light takeaway snacks constitute possible substitute which customer can opt for. Substitutes can be as diverse as snack joints such as Old Chang Kee, Mr. Bean and Jollibean.

Bargaining power of buyer

In the food and beverage industry, customers enjoy significant buying power as they incur low switching costs. In general, the demand for food is highly price elastic. Majority of customers are sensitive to price increases and would not hesitate to change their tastes and preferences accordingly.

Bargaining power of suppliers

Suppliers have relatively low bargaining power in food and beverage industry, primarily due to the large number of existent suppliers. As they are located further upstream, they are not able to mark-up their products significantly as most customers are bakeries and restaurants that purchase in bulk. The bulk purchases suppress the bargaining power of the former. Moreover, ingredients such as flour, eggs and wheat do not vary largely in quality across suppliers, further lowering their bargaining power.

Research questions

In what degree people perceive of BreadTalk?

BreadTalk businesses include operating bakery, restaurant, food atrium and snack shop. Well, what are your opinions about the products of BreadTalk?

What actions are necessary for BreadTalk to carry out?

Hypothesis

The increasing revenue represents BreadTalk's market is expanding and the declining operating margin means the costs (wages, materials) of BreadTalk become expensive. It can be deduced that BreadTalk does not enjoy cost saving even its market is expanding steadily.

Objectives

To intensify the competitive strength in the market place.

To assess the perception of consumers towards the brand.

To investigate the current market situation.

To identify the requirements and expectations of consumers.

Significant of study

To decrease the costs of production and expenditures and so there will be an increase in net profit.

To explore new market and expand its business to more countries.

To improve the products and develop new products to satisfy consumers' expectation.

To remedy any deficiencies of other aspects of business (service attitude, environment, efficiency) other than products.

Research Method

Research methods include case analysis, focus group, interview, experience survey and secondary data analysis. Here we will use the methodology of questionnaire for the research. According to Ian Brace (2008), The term questionnaire refers both to questionnaires intended to be administered by an interviewer, either in a face-to-face interview or by telephone. In other disciplines this is often referred to as an interview schedule, with the term questionnaire reserved for the self-completion survey instrument.

Population

In the research, we have to identify who our respondents are. The respondent should possess specific knowledge and the most important thing is he/she should show their willingness to cooperate with the researcher and

complete every question in the survey seriously with accurate answer. Here we will categorize the respondents into three types:

Food consumers.

BreadTalk staffs.

People who involve in catering business (restaurant, food court)

Sampling and Sampling Technique

Based on the population above, we will adopt the survey type of research in which a sample from the targeted population will be used for the research. In total, we will randomly select a sample of 150 respondents from the targeted population of 300. Details of the sample are as follows:

50 respondents who are BreadTalk staffs.

50 respondents who engage in catering business.

50 respondents who are food consumers.

Data Collection

Data includes primary data and secondary data. According to Alvin C. Burns & Ronald F. Bush (2008), primary data refers to information that is developed or gathered by the researcher specifically for the research project at hand. While, secondary data means the data have previously been gathered by someone other than the researcher and/or for some other purpose than the research project at hand. Since we choose questionnaire as our research method, the survey data collection methods include person-

administered surveys (without computer assistance), computer-administered surveys, self-administered surveys and mixed-mode surveys. Well, we decide that self-administered survey as the data collection method. A self-administered survey is one in which the respondent completes the survey on his/her own. It is different from other survey methods in that there is no agent-human or computer-administering the interview. Instead, the respondent reads the questions and responds directly on the questionnaire. So, we are referring to the prototypical “ pencil-and-paper” survey here (Alvin C. Burns & Ronald F. Bush 2008).

The advantages and disadvantages of self-administered survey are as below:

Advantages

Disadvantages

1. Reduced cost.

1. Respondent control. Self-administration places control of the survey in the hands of the prospective respondent. Hence, this type of survey is subject to the possibility that respondent will not complete the survey, will answer questions enormously, will not respond in a timely manner, or will refuse to return the survey at all.

2. Respondent control. Respondent can control the pace at which they respond, so they may not feel rushed.

2. Lack of monitoring.

3. No interview-evaluation apprehension.

3. High questionnaire requirements.

Data Collection Instrument

The questionnaires consist of 9 questions which are categorized into A, B and C three sections. Each section includes three questions. The table below shows the sample of investigative questions.

SECTION

RESEARCH QUESTION

INVESTIGATIVE QUESTIONS

A

In what degree people perceive of BreadTalk?

BreadTalk businesses include operating bakery, restaurant, food atrium and snack shop. In your opinion, which brand can be the most suitable representative of BreadTalk?

Do you visit BreadTalk franchise frequently?

What reasons account for your answer above?

B

BreadTalk businesses include operating bakery, restaurant, food atrium and snack shop. Well, what are your opinions about the products of BreadTalk?

Do you think the food delicious and the taste of food correspond to your preferences?

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Is the price reasonable and acceptable?

Do you think BreadTalk offers various kinds of food for consumers to opt for?

C

What actions are necessary for BreadTalk to carry out?

Please list your disliked products of BreadTalk. Why?

Besides the food products, which aspects should BreadTalk carry out improvements?

Any food companies do you think are better than BreadTalk?

Data Analysis

The responses to the structured close-ended questions will be rated in percentages. The percentage of respondents for each alternative will be given and analysed. The data collected will be analysed using the computer software known as Statistical Package for Service Solution (SPSS).

Timescale

OCTOBER 2012: Agree research strategy with supervisor

NOVEMBER 2012: Compile, pilot and review questionnaire

DECEMBER 2012: Distribution and collection of questionnaire

JANUARY 2013: Data analysis

FEBRUARY 2013: Final writing of project report