

How to Attract and Retain Customers? A Case of Pak Tam Cafe

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ABSTRACT

The study aims to identify issues and challenges faced by one of Malaysian Bumiputera SMEs in Food and Beverage industry in order to attract and retain the customers. The data was gathered through interview technique with the cafe's owners, Tuan Haji Ruslan Ibrahim and his wife Puan Hajjah Noraini Hj Baharom. The findings showed that product differentiation, growth, and brand strategies are the best solutions to overcome the problems in decreasing number of customers and low awareness of the brand of Pak Tam Cafe itself. Lastly, the study has discussed recommendations to solve the problems faced by Pak Tam Cafe.

KEYWORDS: Customer Retention, Product Differentiation, Brand Strategies, Growth Strategies.

INTRODUCTION

The objective of the study is to identify on how marketing strategies namely, product differentiation, growth strategy, brand strategy, and innovation strategy can affect customer retention of Pak Tam Cafe (PTC). In brief, the purpose of the study is to determine the factors which affected the PTC's customer retention. PTC is a business organization which provides food and beverage services including restaurants, cafes, catering, bakeries, retail shops and food truck businesses. PTC retains their value through customer relationship which serves

one client at a time. PTC also fulfils customers' needs by providing good services from the food service and accommodate food tastes. However, PTC has faced some issues and challenges in retaining the existing customers because based on the decreasing in sales volume and the number of customers. Besides, PTC has also faced difficulty to attract new customers because of the stiff competition from existing competitors. Therefore, the management team of PTC needed to discuss the best marketing strategies on how to attract new customers and at the same time to retain their existing customers.

PROBLEM STATEMENT

Recently, Pak Tam Cafe (PTC) had faced problems in order to attract new customers and also retain the existing customer recently. The number of PTC's customers' were decreasing as shown by the volume of sales. Even though, the net profit showed the increasing number, however, the cost of sales keep increasing from year 2014 to year 2016. This situation happened normally, during public holidays and weekends whereas the total average customers per month is 2,154 and 2,511 respectively. However, the number of customers are much better during weekdays where total average customers per month is 9,975. This happened because, during weekdays people go to work and they do not have time to cook thus, they will eat at restaurant or take away for their family. While, during weekends and public holidays people will spend more time with their family by cooking at home or trying another cuisine or food other than their daily menu on weekdays.

PTC has expanded to 10 outlets across Malaysia, however, there is a low awareness of PTC brand. In other words, PTC is not popular among Malaysian. This happened because the corporate image colour, logo even price is not standardizing among PTC branches or outlets, also a different of café's concept and serving style at PTC branches or outlets. This created a

confusing among customers on the original concept of PTC, especially, when the services or the prices do not meet their expectations. Besides, PTC still lack of exposure and advertised their brand on media electronic, printed and social media. Therefore, PTC should come out with a strategy that can make people aware about the brand and also can attract them to buy the products.

RESEARCH FRAMEWORK

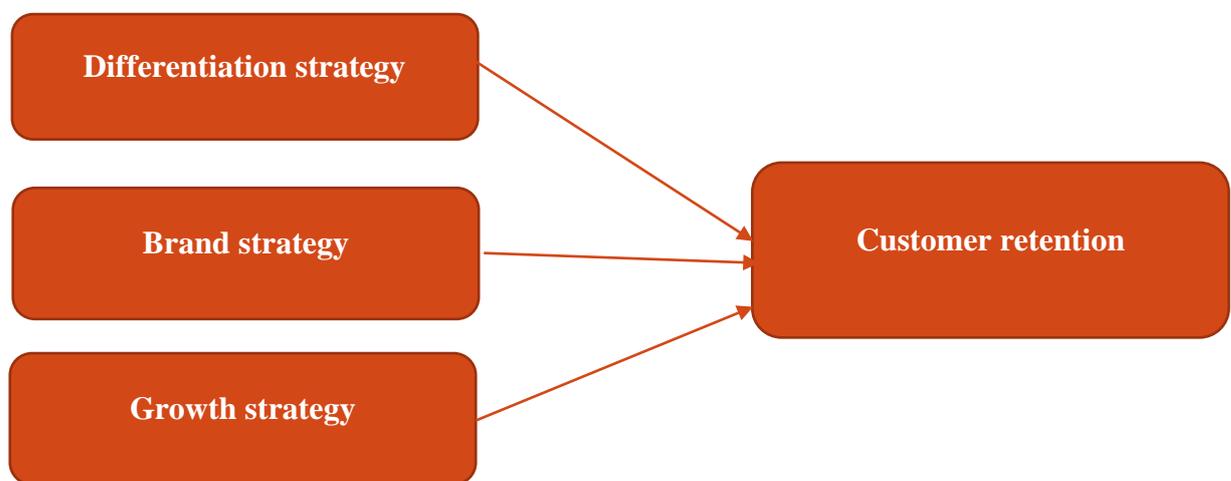


Figure 1 Research Framework

Figure 1 above showed the research framework for the study.

LITERATURE REVIEW

Customer Retention

According to Lake (2008), the purpose of customer retention in today's business world is necessary especially when 80% of sales come from 20% customers and clients thus, it is not only about a cost effective and profitable strategy.

Product Differentiation Strategy

Product differentiation is one of the imperfect features in which the pricing strategy is not important and the product itself is different with others. The differences of the product like quality, reliability, performance or the design of the product itself might be different with other or maybe the brand may involve (McGee, 2015). Differentiation strategy is applying when a business is seeking to be unique in the industry by offering unique product or services features to customers (Lok, 2017).

Growth Strategies

Growth strategies is a combination of several strategies to reach maximum results and it is playing the central role in the market penetration, market expansion, product expansion, and the diversification of the products to increase company market shares (Absanto & Nnko, 2013).

Brand Strategy

Brand strategy is a plan that includes specific long-term goals that can be achieved with a successful brand evolution - a combination of the components of your company's character that makes it identifiable (Phillips & Hopelain, 2017).

METHODOLOGY

The study employed case study technique via interview session. The researcher interviewed the owner of Pak Tam Cafe (PTC), Tuan Hj Ruslin Ibrahim and his wife Puan Hajjah Noraini binti Hj Baharom. In addition, the secondary data gathered from PTC website, brochures, bulletin and magazines.

FINDINGS

Pak Tam Cafe (PTC) should applied the best marketing strategies in order to achieve their objective in increasing the customer retention level. It disclosed that PTC should use three marketing strategies namely product differentiation, brand, and growth strategies.

RECOMMENDATION

European Medicines Agency defined Standard Operating Procedures (SOPs) as a set of written and detailed instructions documenting routine or repeated activities followed by organizations to achieve a uniformity of performance of certain functions. In other words, it is a document that clearly defined the details of the way an operator should perform in businesses (Amare, 2012). Pak Tam Cafe (PTC) should implemented the comprehensive SOPs in their daily operation to make sure that it could manage the quality of foods and beverages offered. It is compulsory to maintain customer satisfaction and increase customer loyalty as well as increasing the food safety. To ensure the quality of the product meet the customer's expectations, PTC should developed a comprehensive system, which enables systematic food handling and operation services. In addition, they should provide to cover food preparation processes and services. Hence, PTC should create a good and clear task guideline for food preparation processes and services. Next, PTC should provide a central kitchen to reduce the kitchen space and made best use of the retail space as well as move away from human dependency. For tasks where human resources are inevitable, PTC should recruit workers who are able to fill the gap of efficiency. In addition, PTC might also provide a comprehensive training to equip employees on the importance of quality of food and service and to ensure staff are certified to perform their duties.

CONCLUSION

The case study of Pak Tam Cafe (PTC) provided a more comprehensive look at an example of one successful Malaysian SME company from the marketing perspective. The concept of marketing has been widely implemented in analysing the business in PTC specifically, and Malaysian businesses in F&B in general. The internal and external issues and challenges faced by PTC were also identified to sustain its business by attracting new customers and retain existing customers. However, PTC needs to implement new strategies which can contribute to achieve their goals.

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