

Original Article

Pak Tam Café: The Ways to Gain and Retain Customers

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Abstract - Pak Tam Café (PTC) is a business organization that provides food and beverage services including restaurants, cafés, catering, bakeries, retail shops, and food truck businesses. PTC retains its value through customer relationships which serve one client at a time. PTC also fulfills customers' needs by providing good services from the food service and accommodating food tastes. PTC has its own signature food like Mee Rebus Pak Tam, Nasi Bukhara, Pak Tam bread, and Pak Tam coffee and offers enjoyable cuisine experiences for all customers. With expertise in Malay, Chinese, Indian and Western cuisines, and the unlimited food choices offered, it grew to be a successful business. PTC also obtained halal accreditation from Jabatan Kemajuan Islam Malaysia (JAKIM). The company has the potential to expand, but it struggles in attracting new customers and retaining the existing customers, especially with its increasing number of competitors. Nowadays, many returning customers come to this café, but only in the North and South Rehat dan Rawat (R&R) Tapah branches. Other branches show a decreasing number of customers, especially during weekends and weekdays. Therefore, the aim of the study is to determine the best marketing strategy to be implemented by PTC in the future on how to retain existing customers and at the same time, to attract new customers.

Keywords - Pak Tam Cafe, Marketing strategy, Market analysis, Competitors, Brand management.

I. INTRODUCTION

Pak Tam Café (PTC) is a business organization that provides food and beverage services including restaurants, cafés, catering, bakeries, retail shops, and food truck businesses. PTC retains its value through customer relationships which serve one client at a time. PTC also fulfills customers' needs by providing good services from the food service and accommodating food tastes. PTC has its own signature food like Mee Rebus Pak Tam, Nasi Bukhara, Pak Tam bread, and Pak Tam coffee and offers enjoyable cuisine experiences for all customers. With expertise in Malay, Chinese, Indian and Western cuisines, and the unlimited food choices offered, it grew to be a successful business. PTC also obtained *halal* accreditation from Jabatan Kemajuan Islam Malaysia (JAKIM). The company has the potential to expand, but it struggles in attracting new

customers and retaining the existing customers, especially with its increasing number of competitors. Nowadays, many returning customers come to this café, but only in the North and South Rehat dan Rawat (R&R) Tapah branches. Other branches show a decreasing number of customers, especially during weekends and weekdays.

The founder, Tuan Haji Ruslan Ibrahim, has over 30 years of experience in F&B specializing in restaurants, cafés, catering operations, training, and mentoring. He is the mastermind behind the existing various outlets under Tuuu... Dia Pak Tam logo. Tuan Haji Ruslan Ibrahim was also the creator of various products such as Kopi Pak Tam, Original Pak Tam Bread, Pattern Slice Food Truck as well as Quick Bite. He currently holds the position of a Board of Directors for Sirah Heritage Holding Sdn. Bhd. (the parent company for PTC) and Managing Director for Juara Saji Sdn. Bhd. (the subsidiary company of PTC and Sirah Heritage Holding Sdn. Bhd.). He has excellent cooks with expertise in various cuisines around the world and holds great experience as a serial entrepreneur. Consequently, Tuan Haji Ruslan Ibrahim is invited to share his experience and culinary knowledge in countless talks and seminars locally and overseas that make him popular in his area.

Since 1986, famous with the tagline Tuuu...Dia Pak Tam and starting with a meager RM25 capital, Tuan Haji Ruslan Ibrahim and his wife sold *mee rebus* and *rojak pasembur* at a street stall at Taman Selayang and Ramadan bazaars. After a year, customers began to be familiar with the *mee rebus* and *rojak pasembur*. Tuan Haji Ruslan Ibrahim and his wife traded at a stall, then a cowboy shop at the same place which was then demolished for development by the authorities in March 2002. The couple gained experience and knowledge in the food and beverage industry through hard work, confidence, high self-esteem, learning from experience, reading, and attending courses and training provided by the government. Starting with an average net income of just around RM600 a month, his income has increased to no less than five figures a month. Tuan Haji Ruslan Ibrahim, his wife, and colleagues continuously improve their business in quantity and quality.

Today, PTC wholly owns six companies, namely Juara Saji Sdn. Bhd., Pak Tam Katering Sdn. Bhd., Jalinan Madu Sdn. Bhd., Kulit Kayu Manis



Enterprise, Ana Boss Enterprise and Jalinan Madu Enterprise. PTC specializes in the food and beverage business, which includes restaurants, cafés, catering, bakeries, retail shops, and food trucks with 14 branches all over Malaysia. It also produces its own products including Kopi Pak Tam, drinking water, and Malay traditional biscuits and cakes. Recently, the company had launched its latest brand, the Pattern Slice; a wonderful line of delicious cakes and pastries for sweet lovers. In addition, the main cooked noodles and frying recipes were also prepared with their own recipe with the ingredients of *nasi kandar*. All the dishes are on the main menu of the restaurant chains and *Tuuu...Dia Pak Tam* kiosks.

II. COMPANY BACKGROUND

Pak Tam Café (PTC) is an established company with more than 30 years in the catering and F&B industry. PTC has significantly evolved in serving small functions to serve over 15,000 people in a single event, with the combined expertise of the management team and experienced employees. PTC services are available for all business and private social events and functions, including weddings, corporate events, business luncheons and dinners, open houses, themed parties, private party barbecues, and more. However, despite the 30 years of experience in the food industry, PTC's brand is still unpopular among Malaysians due to lack of exposure or advertising in social media, printed advertisements, or electronic advertisements. At the same time, PTC only focused on a few signature foods such as *Mee Rebus Pak Tam*, *Nasi Bukhara*, Pak Tam Bread, and Pak Tam Coffee. Strengthening the product brand has also been very difficult. In other words, PTC is facing constraints in attracting and retaining its customers due to low awareness of the brand, which led to a decreasing number in sales. This is shown in its financial analysis, in which PTC's gross profit margin was 44.4% in 2015 and decreased to 43.27% in 2016. The gross profit in 2017 also decreased from 5.04% to 38.22%. PTC also suffered a negative net profit margin in 2017 at -0.66%. Therefore, in order to advance the business, they need to invest in promotions and strengthen their brand.

In general, PTC sales had constantly increased from year to year. In 2014, PTC's sales volume was about RM2,827,229.00, which increased to RM5,111,258.00 in 2015. In 2016, the sales continually increased to RM9,024,065.00 (refer to Exhibit of PTC Income Statement and PTC Balance Sheet). This increase in sales each year is a good sign for small companies that are just about to grow like PTC. The growth sales in PTC were due to the change in the business operations of the company and the addition of newly-opened outlets.

However, PTC's gross profit margin decreased from 44.4% in 2014 to 43.27% in 2015, and 38.22% in 2016. This shows that as sales increased, the cost

of sales also increased, which was due to uncontrollable factors like increasing oil prices which indirectly raised the price of materials in the market. At the same time, PTC had suffered a negative net profit margin in 2014 which was -0.66%, which improved to a positive net profit margin at 0.42% in 2015. In general, an analysis of PTC's financial statements reinforced that PTC is financially stable and the liquidity position of the company is also good. The company's sales growth and gross profit had been extraordinary during the past three years and increased by 50% each year. Despite facing a loss in net profit margin in 2014, PTC managed to get up and gain profit within a year (Pak Tam Cafe, 2016).

However, Tuan Haji Ruslan Ibrahim, one of the board of directors and the founder of PTC, disclosed that PTC had only managed to capture a high number of customers during weekdays (the total average number of customers per month is 9,975). The number of customers dropped during public holidays (total average customers per month is 2,154) and weekends (total average customers per month is 2,511). Being dependent on the high costs of materials and foreign labor to run the business resulted in high expenses, so Tuan Haji Ruslan Ibrahim saw that improvements on the business's marketing strategy are needed to attract new customers and retain its existing customers (Davis, 2019). By doing this, he believed PTC might increase their sales not only during weekdays but also during weekends and public holidays (Barker, 2018). "Guys, you need to think and come up with a few appropriate marketing strategies to attract new customers to come and enjoy our food and beverages during public holidays, weekends, and weekdays. You also need to prepare a list of marketing strategies which are suitable to be implemented immediately in order to retain our existing customers. Please remember our tagline '*Tuuu... Dia Pak Tam*' will always reflect our products and company brand." These commands created immediate pressure on the management team as they needed to carefully think of the appropriate strategies to improve the number of customers.

III. LITERATURE REVIEW

A. *Pak Tam Café Achievement*

Recently, PTC was awarded a certificate of achievement for successfully acquiring a three-star rating in 2017 under the SME Competitiveness Rating for Enhancement (Retail & Distributive Trade) by SME Corporation Malaysia. Star ratings are assigned to indicate the performance level of a company based on a seven-assessment criterion, namely financial strength, business performance, human resource, technology acquisition and adoption, certification, and market presence. A three-star rating is awarded to a company that showcases the uses of

technology from semi to fully automated, its ability to implement a quality system, the undertaking of product and process improvements, intellectual properties registered, readiness to export compliance certification, and recommend measurements for improvement.

Having achieved a three-star certification from SME, PTC is entitled to various development programs and financial assistance schemes to enhance the capability and capacity of the company. Apart from offering advisory services relating to the development of the industry, SME Corporation Malaysia also facilitates in developing SMEs through various support programs aimed at improving their capacity and capabilities, thus enabling them access to international markets. One of the programs which were participated by PTC was the Malaysian Brand. The Malaysian Brand is an accreditation scheme for quality, excellence, and distinction of products and services of a collaboration between SME Corporation Malaysia with SIRIM QAS International Sdn. Bhd. Participation in Malaysian companies is evaluated through stringent standards, whereby auditing and monitoring measures are put in place to ensure adherence to the set quality standards. If successful, the products or services will be given the right to carry the national mark of the Malaysian Brand for a period of two years. To retain the mark, auditing and monitoring measures will be done periodically to ensure adherence to the set criteria.

Putrajaya Hospital Cafeteria PTC Branch was also awarded the Certificate of Recognition for 'Clean, Safe and Healthy' (Bess) by the Ministry of Health Malaysia and was the first cafeteria in Malaysia to receive such recognition. Another PTC branch, the Seremban Hospital Cafeteria Branch, was also recognized by the Ministry of Health Malaysia as the first hospital cafeteria in Malaysia which introduced a healthy menu, which also became a model for hospitals across Malaysia under the Ministry of Health Malaysia.

B. Competitors

The direct competitor of PTC is Ani Sup Utara, while the indirect competitor is Old Town White Coffee. PTC is a local company that is similar to Ani Sup Utara. Both companies were established as SMEs in Malaysia and are run by local Malaysians. They provide similar dishes which are mainly Malaysian. Ani Sup Utara focuses more on soup-based dishes as its main dish. In comparison, Old Town White Coffee is a global company with numerous branches in Malaysia. In terms of corporate image, it has a strong image in the F&B industry. PTC has a strong corporate image that uses black and red colors to attract consumers to remember its logo. Old Town White Coffee uses a dark brown color scheme which is suitable to create their restaurant's traditional interior design.

PTC has *halal* certification from JAKIM and offers Malaysian signature dishes and food tastes suitable for Malaysians. They offer a variety of products, which does not only focus on one product and attractive packaging, and they also chose strategic locations. Meanwhile, Ani Sup Utara has its own strengths in which it has more branches and is located in urban areas. However, for the indirect competitor which is Old Town White Coffee, its strengths are in its high market share value in Malaysia and its good franchise system. All three businesses are located strategically near crowded places or typically in a mall or hospital. This shows that the locations have strengths when opening a store and operating a business.

However, all three businesses above have their own weaknesses in business operations and management. PTC, Ani Sup Utara, and Old Town White Coffee have similar weaknesses which are the quality of food that they provide to customers. The food that is provided by PTC, Ani Sup Utara, and Old Town White Coffee can only withstand one day. If the customer wants to eat the food on another day, they need to opt for takeout and keep it in refrigerators. However, the customers will not experience the same quality as having it on the first day. In addition, they do not operate in a good central kitchen, hence the food taste is different for every branch. Besides that, the weaknesses faced by Ani Sup Utara are fewer advertisements on social media, newspapers, and television.

All three businesses stated above have their own opportunities in terms of management and operations. PTC has the opportunity to go global by using its brand, which is in contrast to Ani Sup Utara which has not yet had the opportunity to expand globally. This is because they need to establish a strong presence in the Malaysian market. However, Ani Sup Utara has a long-term plan to expand its business into the global market such as in Southeast Asia. In terms of *halal* certificates, all three businesses have *halal* certificates and logos from JAKIM that enable them to run business operations in Malaysia. *Halal* certificates create confidence for Muslim customers when purchasing food and drinks in restaurants. In terms of e-commerce, PTC and Old Town White Coffee have implemented extensive processes of adding more product lines to the existing product and introducing a new product mix. This creates more opportunities for these businesses to be well-positioned in the market as consumers always want to know and purchase new products in the market.

C. Market Analysis

Pak Tam Café (PTC) came out with products that allow the customer to prepare food easily, namely food paste, instant food, instant drinks, and so on. At the same time, PTC also provided delivery for a set of meals, especially for those who

are busy and don't have enough time to cook, such as university students, working parents, and old people as shown in Table 1 and Figure 1 below.

Table 1. PTC Market Analysis

Market Analysis	2013	2014	2015	2016	2017	CAGR
Type of Customer	17,645	18,527	20,565	21593	22,673	6.47%
Family	9,925	10,223	11,348	11,688	12,039	4.95%
Student	7,168	7,311	7,896	8,054	8,215	3.47%
Senior and elderly citizen	17,645	18,527	20,565	21593	22,673	6.47%

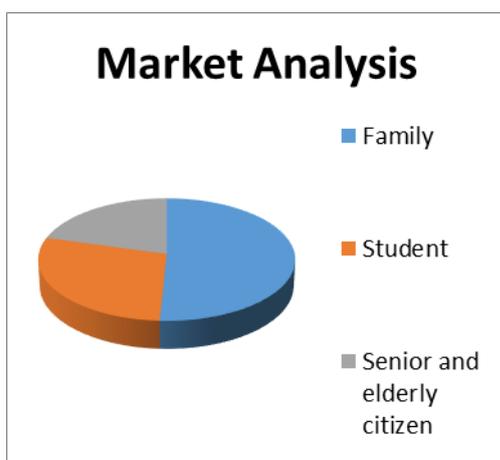


Fig. 1 PTC Market Analysis

D. Brand Management

PTC has expanded to 10 outlets across Malaysia and looks forward to growing even bigger, aiming to be a company with global operations in hospitality and a leader in world-class innovations and excellent service through different target customers and food concepts. PTC applied its branding strategy through its corporate image color which is black and red that is eye-catching to attract customers besides their slogan of “*Tak Sedap Bagi Tahu Pak Tam, Sedap Bagi Tahu Kawan*”. This simple slogan and corporate image color are retained in the customers’ minds through repeated advertisements on brochures, television, and radio commercials. However, currently, all PTC outlets carry the *Tuuu...Dia Pak Tam* logo without standardization on the prices, cafe concept, and servicing style. This causes confusion to the customers, especially when the services or the prices do not meet their expectations.

To overcome this challenge, PTC attempted to build a stronger brand by classifying the outlets based on the target customer and cost requirement. In order to capture the low to moderate-income customers, the hospital cafés in Hospital Kuala Lumpur, Hospital Putrajaya, and Hospital Titiwangsa were renamed

from *Tuuu...Dia Pak Tam* to The Canteen. For the food court concept, outlets like PTC in Tapah Selatan, *Tuuu...Dia Pak Tam* in Tapah Utara and *Tuuu...Dia Pak Tam* in Ulu Bernam was renamed to The Eatery. PTC in Vista Alam remained as the blueprint outlet that targets moderate to high-income consumers. PTC had significantly evolved from serving small functions to serving 15,000 people in a single event. PTC services are available for all businesses and private social events and functions including weddings, corporate events, business luncheons, dinners, open houses, themed parties, barbecues, and more. With this strategy, the brands are defined clearly and the consumers are clear about what to expect when they visit each outlet (Hargrave, 2019). When PTC classified their outlet based on the target and cost requirement, the consumers can also choose their favorite food at existing outlets. With this classification, PTC can also accurately assess the investment opportunity and place the right brand at the right location (Vkeong, 2019).

IV. METHODOLOGY

This case study applied a qualitative approach which is the interview technique. The researchers had interviewed the PTC Board of Directors, including Tuan Haji Ruslan Ibrahim, Puan Hajjah Noraini Baharom, and other members of the PTC Board of Directors. The analysis method for the qualitative technique was N-Vivo.

V. FINDINGS

The findings show Pak Tam Café (PTC) suit best in implementing the Marketing Strategies as discussed below.

A. Generic Strategy Framework-Product Differentiation

PTC’s generic strategy framework is through product differentiation. PTC creates products that offer quality and original taste at optimum prices. PTC plans to add more products to its existing product lines in the future. The market segment for PTC ranges from kids to the elderly who enjoy traditional Malaysian cuisines. Hence, the traditional Malaysian cuisine served in modern methods is a competitive advantage for PTC.

B. Growth Strategies

PTC has been classifying and upgrading its selected brands to attain optimum standards. Each brand was re-named according to the customers’ market segment in the F&B industry. The cafe’s operations in hospitals are known as The Canteen. The Canteen is targeted to customers who are classified in the low to the moderate-income group. For the branches located along the North-South Expressway (NSE), they had been re-named as The Eatery. The new name better

reflects the food court concept for customers who travel long distances. The concept cafe targets customers from moderate to high-income segments. The concept cafe used the name "Tuuu...Dia Pak Tam Cafe". Another segment is Pak Tam Katering in which the services, appearance, and food quality have been upgraded, and various food choices were added to Pak Tam Katering.

C. Innovation Strategies

The fourth industrial revolution had changed buying behavior and food consumption (McGovern, 2015). The world revolves around the idea of the Internet of Things (IoT). Hence, PTC was also responsive to the external changes in the environment. The adoption of new technologies such as online purchasing for food products and online payment methods are utilized by PTC. Though food consumption is classified and measured in terms of its actual taste and authenticity, PTC did not hesitate to adapt to the changes in customers' lifestyles in terms of food consumption. Hence, continuous improvement towards the changes was performed by PTC by delivering both convenience and quality of the food dining experience.

VI. CONCLUSION

The case study on PTC provides a more comprehensive look at an example of one successful Malaysian SME company from a marketing perspective. The concept of marketing has been widely implemented in analyzing 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 retaining existing customers. However, PTC needs to implement new strategies which can contribute to achieving goals.

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