

UOB-SMU Entrepreneurship Alliance Centre



Fast food is not junk food: Yoshinoya shows why

Yoshinoya is a well-established Japanese restaurant chain serving wholesome and tasty authentic Japanese rice-based meals at affordable prices, with fast-food convenience. Founded in 1899, the chain has expanded its presence from its first outlet in Tokyo in 1946 to over 1,200 outlets worldwide. It has a strong following in its domestic market of Japan as well as Australia, China, Hong Kong, Malaysia, Philippines, Singapore, Taiwan and USA.

Following the establishment of the first outlet in Singapore in 1997, Yoshinoya has grown to 17 outlets located in different parts of the island. The signature and best-selling product is the beef bowl, or *gyudon* in Japanese – a veritable serving of precisely-sliced beef, simmered in a special broth prepared from a 100-year-old secret recipe, seasoned with a unique blend of savoury herbs, spices and large sweet onions, all cooked in a customised beef cooker and ladled onto premium Japanese rice.

Yoshinoya Singapore also offers an expanded menu which includes delectable choices such as *teriyaki* chicken and salmon and *ebi* fry to cater to different tastes. Mindful to provide a balanced meal, most dishes are complemented by a colourful mix of vegetables such as broccoli, carrots, cauliflowers, long beans and cabbage. *Ramen*, congee and western breakfast are available on the main menu as an alternative to rice.

Yoshinoya's dishes have been accorded the Healthier Choices Award by the Health Promotion Board under its Healthier Dining programme.

From normal to super-size

The shocking effects of consuming too much fast food were highlighted in Morgan Spurlock's 2004 documentary, *Super Size Me*. He had conducted an unscientific experiment on himself by having three McDonald's meals a day, over a period of 30 days. Each time he was asked if he wanted to upsize his meal, he said "yes". The award-winning show cast aspersions on McDonald's offerings, and tarred, with the same brush, the general fast food industry. Fortunately, people forgive easily while some are unfazed by the findings. School-going children, a major market for McDonald's, typify the second group. According to changing trends, some fast food brands are seen as being "cool" and "hip", while others achieve top-of-mind awareness through their multi-million dollar marketing efforts. The wider the campaign reach, the more publicity it generates. As a result, taglines such as Subway's "Eat fresh", McDonald's "I'm lovin' it!" and the oft-repeated story of Colonel Sanders' secret recipe in Kentucky Fried Chicken can influence dining decisions.

Proactive strategies, interesting promotions and a constant update of menus while retaining the best-selling signature items will boost the frequency of customers' visits. McDonald's, for example, has chalked up impressive sales by offering seasonally-based toys with its Happy Meals. It also scored points as a frontrunner in offering free internet connectivity at its outlets when WiFi was not freely available at many public places.

Fast food, fast-moving life

Fast food has its own place in today's fast-paced life as time is limited. A recent report reveals that up to 70% of the respondents surveyed eat out every day, and among them, 77% head for fast food restaurants between one and three times a week – mostly for lunch.

Western fast food brands, led by McDonald's, are popular among school-going children. Adults, for whom taste and nutrition are more important, are likely to choose Japanese fast foods as they are perceived to

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be the healthier choice. Among several Japanese food brands surveyed, Yoshinoya is named by respondents to be the healthiest choice. With this vote of confidence, it has an ideal leverage on which to build strategies to win new customers while retaining existing ones.

Taking a leaf or two from successful campaigns, fast food outlets can upsize their strategies with interesting marketing activities to raise visibility and move sales. Adding new menu items, offering “value” deals that encourage higher spending by giving a small discount on a multi-item meal and running special promotions with companies and credit cards will help drive volume and revenue.

A catalyst for growth

Although the fast food segment of the F&B industry emerged a winner in the 2009 recession, chalking up a 4% expansion on the back of a shrinking economy, the good times will not last. The segment is already facing serious challenges – from new players, diminishing availability of ideal retail spaces, skyrocketing rents and most significantly, falling consumer demand.

With the competition heating up among fast food players, Yoshinoya Singapore has seen a dip in its market share. It approached the SME Consulting Programme, managed by UOB-SMU Entrepreneurship Alliance, to “uncover and analyse the compelling forces that are deterring growth,” said Ms Monica Choo, General Manager, Yoshinoya Singapore. The student-consultants were able to add value by providing a better understanding of Yoshinoya’s brand perception and position in the market. Their findings “reaffirmed and heightened our decision to relook our branding efforts.”

On their part, the student-consultants were glad to be given the autonomy to choose the most appropriate research methods to obtain their data. Although there were some initial setbacks, such as the shortage of respondents representing specific demographic tiers, they resolved them by roping in their personal friends who fit the criteria. As they were able to apply what they had learnt in class, especially from their marketing modules, they had the necessary foundation on which to build and complete their research study.

“This project allowed us to apply textbook theories on a real-life project, which gave us a great sense of satisfaction,” said a student-consultant. She acknowledged the role of the Project Adviser who kept them on the right track. “She asked us many relevant questions that set us thinking. We would have liked to have met her more often to learn from her experiences, but the tight schedule did not allow for that.”

“It was a joy working with the Yoshinoya team... simply delightful,” said Regina Chow, Project Adviser. She found the members to be “professional, smart and creative”. They gave “their very best”, and this could be seen in the quality of their work. “I wish that all my teams are like them” aptly captures her high regard for them.

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