Rotiboy to Turkey

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ABSTRACT

Rotiboy is a Malaysian bakery chain based in Kuala Lumpur owned by Rotiboy Bakeshoppe Sdn Bhd. Rotiboy was founded in Bukit Mertajam, Penang in 1998. The founder of Rotiboy, Hiro Tan, studied economics in Universiti Malaya and he used to work as an insurance agent, property agent, airline station manager, tuition teacher and even tried mushroom farming before starting Rotiboy Bakeshoppe. He was inspired by his family to start Rotiboy and his siblings supported him in the business venture.

INTRODUCTION

The first Rotiboy was a neighbourhood bakery, after that in year 2001, it left Penang and went to Klang Valley to search for new ideas and concepts in the retail bakery industry hence exploring greater excellence and possibilities. Later in year 2002, driven by the freshly baked “one bun that rule us all”, Rotiboy started the “Bun Revolution” and it went global in year 2003 starting from Singapore. Now, Rotiboy have baked more than 400 million buns and it has over 220 stores present in Indonesia, South Korea, Saudi Arabia, Dubai, Myanmar, Thailand and China. Today, Rotiboy is the brand of a bun that have sold tens of millions in the region and it has become a generic name for Mexican buns. The Rotiboy vision is to be an outstanding global brand that touches the loves of all the people in the world through their products, services and values.

Besides Rotiboy’s signature product – the Mexican bun, Rotiboy offers different mix of products in different countries. In Malaysia, Rotiboy sells a complete range of products from freshly baked buns, cakes, cookies, light melas, muffins, puffs and pastries, loaves and rolls, on the go sandwiches, and even beverages. On the other hand, in South Korea, Rotiboy is a mini café the delivers buns, coffee and ice cream. As for Indonesia, Rotiboy is a specialty store that only carries the signature product. Currently, Rotiboy has 12 stores in Malaysia, 35 stores in Indonesia, and 150 stores in South Korea. Rotiboy anticipate that in the future they will open penetrate more into Asian markets and to the American and European markets.

For now, Rotiboy have not promote its product in Europe, although they have the goal to develop its business in Europe. In Europe, bread is the leading bakery product consumes based on consumption volume, it is also the leading bake-off bakery product in this continent. Therefore, we suggest Rotiboy to open its branch in Turkey because the leading country in terms of bread consumptions was Turkey with approximately 104 kilograms of bread consumed per person per year. Moreover, Turkish people like sweet foods and they love coffee, thus we also think that Rotiboy have an advantage in promoting its product in Turkey because they are famous for their Mexican bun, which is a bun with a coffee topping and a butter filling.
Product
Rotiboy is a bakery that offers varieties of buns and pastries. The products that Rotiboy offers are signature Rotiboy bun, assorted freshly baked buns, cakes, cookies, light meals, muffins, puffs and pastries, leaves and rolls, and on the go sandwiches. Although Rotiboy offers a lot of different products, Rotiboy is still famous for their buns. Rotiboy’s signatures buns are Rotiboy Original, Mochaboy, and Buttermilkboy, two out of three from this category are Rotiboy’s most popular products which are Rotiboy Bun and Buttermilkboy. Rotiboy’s freshly baked buns are all made from fresh dough with their own recipes and it has a wide range of sweet and savoury toppings and fillings, Rotiboy has 25 types of buns and there are some special flavours that might not be able to find in any typical bakery, for instance like Almond Corn, Coffee custard, and Prawn Sambal. the product of Rotiboy are different in each country. In Malaysia there's a complete range of products from breads, sandwiches, loaf, puffs and pastries, muffins, cakes, beverages to light meals. In Korea they are mini cafe's delivering Buns, Coffee and Ice cream. Other than that, all Rotiboy products are halal, therefore Rotiboy is able to position itself as a halal food company and to expand its business in countries that has large Muslim population.

Market opportunity analysis
The market opportunity analysis by using four key elements, including: the customer, technology, company and competition.

A. Customer environment.
It is a must to identify the needs and demands of the customers. As we know the product of Rotiboy are different in each country. In Malaysia there’s a complete range of products from breads, sandwiches, loaf, puffs and pastries, muffins, cakes, beverages to light meals. In Korea they are mini cafe’s delivering Buns, Coffee and Ice cream. One thing for sure, that even their product is different, but all of their main products are based on bread. Which is perfect for a country with the number one bread consumption like Turkey, And also the fact that Turkey is also known for their love of coffee makes it more perfect for Rotiboy as they’re known for their coffee bun. These products are halal, safe to consume and would be accepted by the public. The price is also very reasonable on each country. People can afford the products due to their low price and get to enjoy their good quality products. In addition, if Rotiboy wanted to make their branch on Turkey, they must look for the products that suit the taste of the locals. It is essential to investigate the taste and preferences of the citizens of the country that we are investing in.

B. Technology Analysis
Technology is crucial to produce the best quality of product and smoothen the production flow. Rotiboy company always need to improve their bread quality and create more new products to supply the huge demands of the customers. The customers will get attracted by products that has good quality, creativeness, and cheap price. So, the customers would feel happy every time they spend their money on Rotiboy’s product as it fulfills what they need. Advanced technology will help Rotiboy to do the work. For example, because of Rotiboy’s new quality equipment and machine, Rotiboy could hire less people. Hence, they could actually made their bread faster, cheaper and have a good quality so the customer would feel happy eating on Rotiboy. In Turkey the technology is very up to date. So, Rotiboy need to fix and be more up to date with their technology.

C. Company Environment
Company Environment includes the product, price, promotion and place. For the product, Rotiboy sells various types of bread depends on their country they’re in. It is important to attract the customers in each country because there are many demands of choices
for customers with different taste, so Rotiboy will make a special bread for each country. The products are also made of different ingredients, taste and flavour. The products made from fresh and high-quality ingredients. For the price, Rotiboy is also known for their reasonable and affordable price. So, even if they used all high-quality products, they still give a pretty cheap price in each country. As for promotion, Rotiboy can promote their products through social media. As we know, nowadays the internet has become our needs and social media brings great impact to the society, and of course including the citizens of Turkey. Lack of promotion will affect the growth of business. Therefore, Rotiboy should fully utilize the use of the internet and the impact of social media to let more people know about Rotiboy’s product. For place, Turkey is a strategic country for Rotiboy to invest in because Rotiboy have lots of branches in other countries, means they already have a lot of experience in expanding their business internationally. Not just that, Rotiboy also has several outlets in the airport, making them the only bread seller in the airport without any competitors, moreover they are also placed in crowded shopping malls, due to that the customers will find them easily.

D. Competition Environment.
The competition environment shows that there are competitors in Turkey that Rotiboy need to face with such as Cigdem Pastanesi and Bosram Tasfirin. Sometimes it is unavoidable that there will be some companies that sells almost the same product with each other, therefore cost advantages and differentiation plays an important role in competing with other competitors. Competition environment are mostly caused by the product, price, market, and so on. By the time Rotiboy need to face strong competition with the existing bakery in Turkey, Rotiboy need to prepare for their USP (Unique Selling Proposition) so Rotiboy can fight with other bakeries in Turkey and position their place in the industry. Before opening a branch in Turkey, Rotiboy need to realise and investigate their advantages and disadvantages hence clearly know about their competitors so that they will be more efficient and effective in launching their products to the people in Turkey. For example, Rotiboy make special recipes and flavors that only exist in Rotiboy’s bakery or in a certain country that it has its branch at. Therefore, the competitors can’t easily copy what they already did. This is important to attract customers and to gain differentiation advantage.

Pestle Analysis

1. Political Analysis
Turkey is a secular democracy country with a huge Muslim population. Thus, halal certificate is a must. Turkey’s halal certificate called Turkish Standards Institution (TSE) is needed because Muslims are only allowed to eat and drink dishes served and prepared using millennia-old halal guidelines. For context, halal is an Arabic word which means “legal” or “permitted” for Muslim consumers. If a foodstuff is considered “haram”, then it is against a Muslim’s religious beliefs to eat it. Haram means “forbidden by Allah” in Islamic terminology. Certain foods, such as pork, are off limits to Muslims. Food must be slaughtered (if a meat product) or prepared in accordance with strict religious guidelines. Due to the significance of religion, Turkey’s growing convenience minded population, and the rise in the number of foodstuffs available in Turkish markets, halal certification and product labelling has become more and more vital year by year.

2. Economic Environment
Turkey is the world’s 17th largest economy with $721bn GDP. GDP per capita tripled between 2002 and 2016 to $10,512. It aims to be one of the world’s 10th largest economies by 2023. Turkey might just finish fighting their first ever recession but the country has now returned to growth. As a result, it’s safe to assume that Turkey’s economic growth won’t be a big issue for this period.
3. Social and technology environment
The Turkish technology market is rapidly growing and going beyond the confines of cities
to reach out to rural areas. The government’s investment in the technology sector has
been a major factor in the acceleration of progress. Turkish people are increasingly
becoming technologically advanced and their demands for technological products are on
a rapid rise as well. Turkish people are generally welcoming and friendly, and many cities
(particularly Istanbul) are multi-layered and multi-cultural. While many countries in
Europe are facing challenges such as aging and shrinking populations, Turkey has a
very young, dynamic, and well-educated population. This shows the country has a huge
potential for productive employees who can meet the needs of domestic and international
investors.

4. Legal environment
Turkish liability laws are divided into two main categories covering product liability and
product safety, respectively. With regard to product liability, the Law on Consumers’
The key objective of the law is to hold various groups (e.g., producers and sellers of goods)
liable for any damages caused by defective products. In relation to the protection of
consumers’ rights, the Law on Consumers’ Protection is fully compliant with private law.

Justification Idea
In Turkey, bread is a foodstuff generally made by combining a grain flour with water and
salt either leavened or unleavened which is then baked and cooked. Though wheat flour
is most commonly used, bread is made from grains such as corn and rye as well. Bread
is eaten with other foods here. The Turkish citizens made a great variety of bread from
the wheat they mill and these breads have equal variety of names, sometimes based on
the manner of cooking while sometimes based on their appearance. Traditional breads
are mostly made at home itself. Nowadays, in addition to traditional bread, there are
many other breads that are made with modern names. The additives used in the making
of these breads increase the nutritional value and quality. Replacements of single-family
homes with gardens by apartments have now limited the making of traditional homes.
More traditional breads are replaced with other modern and imported bread.

Rotiboy has opened its branches in many places - Indonesia, Thailand, Korea, China,
Dubai and Saudi Arabia. To broaden the company, it would be a good idea to start
opening a branch in Turkey. As mentioned before, consumers in Turkey consume
approximately 104 kilograms of bread per person per year. Turkey produces some of the
best and most varied breads in the world and it is also central to Turkish culture. In Turkey,
bread is a staple food, eaten with every meal and snack throughout the day, from
breakfast to dinner. Due to its popularity, every village, town and city in Turkey has at
least one bakery and loaves, rings and dough-balls are baked at least twice a day.

We believe that it is a great opportunity for Rotiboy to enter the market in Turkey as there
is a big amount of bread consumers. Turkish people eat sourdough bread with almost
every meal. One of their famous bread is called ‘Borek’. It is a pastry made of many thin
layers of dough interspersed with cheese, spinach, and/or ground meat. In the winter,
many Turks eat a breakfast of bread with hot soup. During warmer seasons, they
commonly eat bread and jam, hard- or soft-boiled eggs, a white cheese made from
sheep's milk, salty olives, and warm milk or hot tea with milk. If stew is not available for
noon meal, ‘Borek’ will be a substitute for it.
The Turkish might be a little unfamiliar with the type of bread that Malaysia produce, but they are willing to try new things. Besides, Rotiboy will adjust a few of its products to suit the taste of the locals. For example, bread can be stuffed with meat to be modified according to the local taste of Turkish people. This is to get people's attention and in the long run, customer loyalty. Brand image of Rotiboy can be established in Turkey.

Since Turkey is a transcontinental country that is located in Western Asia and Southeast Europe, the people there possess both European and Asian influence. They like bread as a staple food and also some other Western food. Eating habits also are different according to families’ socio-economic class. The level of food consumption increases with income. For example, a nationwide study indicated that as income increases the amount of bread and other wheat products decreases, and more rice is consumed. However, there are regions, especially in rural areas, where differing socio-economic level does not affect eating habits. The lack of difference between the eating habits of such families can be explained by the fact that eating is tradition-bound. Carbohydrate-rich foodstuffs (grains) tend to be eaten sufficiently by village groups as well as in both rich and poor people.

The economy of Turkey is defined as an emerging market economy by the IMF. Turkey is among the world's developed countries according to the CIA World Factbook. Turkey is also defined by economists and political scientists as one of the world's newly industrialized countries. So, it will be a great platform for Rotiboy to venture into Turkey and get customers there. Most likely Rotiboy can get profit if its business can be successfully established. Furthermore, over the years Turkey has been receiving more and more tourists from all over the world. It would be strategic of Rotiboy to open branches in large cities where tourists would most likely to visit such as Istanbul, Antalya, Ankara and many more. Rotiboy will not only be known to locals but also to people from other countries. It would be a good way to start introducing Rotiboy to other nations and may one day be able to open more branches in other countries.

Turkey has experienced steady economic growth over the last decade. Combined with a young and sizable population, business opportunities are plentiful and positive in Turkey. Furthermore, with many incentives for strategic, large scale and regional investments available, Turkey welcomes foreign investment and international business prospects. Therefore, Rotiboy can be assured of choosing Turkey as its destination to set up their business as Turkey is a country which has free market economy consists of an active industry and service sector.

Besides, the cost of living in Turkey is considered as more reasonable than its neighbouring European countries. There are a variety of accommodation options available to suit all tastes and budgets and Turkey offers excellent value for money. On an average, an international student in Turkey will spend about 500 to 600 Euro a month on accommodation, food, clothing, entertainment, and transportation, depending on their location and lifestyle. Therefore, Rotiboy can gain an opportunity to save its production cost on their products and services at the same time increase its market share by opening branches in Turkey since the cost of living in Turkey is much more reasonable than the other neighbouring countries.

Due to its geo-politically strategic location straddling the continents of Europe and Asia, Turkey has seen long been a hub of commerce and cultural exchange. Turkey has attracted foreign investments due to its unique trading location between Europe, Middle East and Asia for many years. Recent legislation to promote foreign investment such as
guarantee of existing investment rights, the right for foreign companies to hold “Turkish Company” status, giving new business owners the same rights and obligations as existing Turkish companies, better protection for foreign investors and so on. All these recent government incentives for investors and new business undeniably help and give many advantages to Rotiboy to enter a new market in Turkey as a foreign investor.

RESULTS AND DISCUSSIONS

According to the idea of justification, we can say that Turkey is a great place to invest. If Rotiboy will really invest in Turkey, their rival in Turkey would be another bakery name “Cigdem Pastanesi”. But, if Rotiboy extends to develop their products and stay with their affordable price, Rotiboy will be far more exceptional and can win the competition.

A. Consistent
Rotiboy is expected to be consistent with the quality and prices of their products. This is the same problem faced by Cigdem Pastanesi. Thus, if Rotiboy can be more consistent by presenting consistent prices to customers, then this will be an advantage for them. Rotiboy should also be more consistent with the taste and quality of its products so that their customers would not have any doubts for Rotiboy.

- **Risk:**
  Due to the ups and downs of the economy and high levels of uncertainty in Turkey, Rotiboy will need to prepare itself in case of any economic problems such as the rise of inflation. If economic problems occur, it will be difficult for Rotiboy to stay consistent with the price and quality of their products which will then lead to the loss of trust from their customers.

B. Service quality
Rotiboy is also expected to improve the quality of their service. In order to gain a competitive advantage, Rotiboy should always maintain its quality and uphold its brand image in order to capture positive customer perceptions. For example, Rotiboy can make a Standard Operating Procedures (SOP) about how the workers should be friendlier to their customers and making the customer feel special with writing the customer named on the paper bag. Rotiboy should maintain the customers’ trust to win the competition with those competitive companies.

- **Risk:**
  Service quality is very important as it is one of the main reasons’ customers keep visiting the bakery. The simplest services such as smiling, making eye contact, or asking if there is anything else the customer wants is very important. It may be difficult for employees to keep up their friendly gestures throughout the day if there is an abundant number of customers visiting the bakery. Not to mention, the customers visiting Rotiboy are not just locals but also tourists. Employees will need to have a high level of tolerance and patience in able to deliver the best service quality.

C. Creative and Innovative
Rotiboy is expected to be more creative with all the flavors they produce. Rotiboy is known to have a different menu in each different country to suit the taste of its people and it should not be any different with Turkey since Turkish people love the savory and sweet taste. Thus, to win the customers’ heart and attention, they need to do a survey first on what kind of menu they should do in Turkey.
Risk:
The Turkish people have their own preferences for bread. They mostly like to have their breads plain and add the fillings themselves according to their preferable taste. Malaysians, Indonesians, Koreans and Thailand people may prefer their buns and breads to have fillings ready made by the bakery, but the Turkish people mostly prefer to choose their own fillings. Rotiboy will need to estimate the amount of their signature coffee bun that they want to produce in Turkey because even if there is a number of locals who do not prefer the signature buns, there are tourists who may have high interest in them. Rotiboy will also need to produce bread loaves that are suitable to the taste of the Turkish people.

D. Comparative Advantage
Rotiboy is known to have good quality bread at a lower price. For example, in Korea, Rotiboy costs 2,000 won each. It means Rotiboy only costs about $1.72 U.S Dollar. While in Indonesia, Rotiboy is only Rp 10,500.00 or $0.75 U.S Dollar. Rotiboy never has a higher price than $2.67 U.S. Dollar. The price of the products from Cigdem Pastanesi might be much higher with having $3.06 US Dollar. Thus, with this, Rotiboy could win the comparative advantage.

Risk:
Although Rotiboy has an advantage of low pricing compared to other bakeries, but that should not be the only comparative advantage as there are other local bakeries that can also sell bread at a lower cost. Rotiboy could actually be the first bakery to introduce their type of coffee bun in Turkey and being the only bakery selling this particular product. However, it might not last very long because as soon as others see a company making good profits, it will not be long before they start copying the profitable product. This could lead to a loss of comparative advantage for Rotiboy. It is highly suggested that Rotiboy sell a variety of their products along with their signature bun.

Expanding business by going global and invest in a new market can be challenging but if the business runs well, it can be profitable in the way that helps a firm to increase its revenue and market share. Therefore, there are a few recommendations that Rotiboy can take into consideration when they intend to expand their business abroad in Turkey.

First of all, it is important for the company to develop an International Expansion Strategy prior their entry to the new market. This is because the culture varies across nations and the consumer behaviour in Turkey might be different from what Rotiboy expected. International expansion strategies are formal plan that a business can use to enter an overseas market, and establish a growing presence. So, it is important for the management of Rotiboy to come out with a plan and strategy prior their new entry in Turkey that provide a clearer direction for the business to run well by adopting the short- and long-term international planning.

By going global and enter a new market like Turkey, Rotiboy can develop a close relationship with local business and expertise. It is important to know the right way to conduct business among the local markets and the establishment of close relationships with the locals can be an advantage for the company to avoid unnecessary issue such as the legal barriers and become quickly profitable. It is also important for Rotiboy to get thorough and reliable information from local expertise on regulations and tax schemes such as local law, international agreements, regulated activities, employment practices, customs procedures that are being applied and conducted in Turkey.
Apart from that, it is a basic prerequisite for Rotiboy to study the market really well before their entry in Turkey. This is because expanding business abroad is not easy especially due to the cultural difference and also the legal barriers that exist in a foreign country so Rotiboy should pay attention to details to see if any localization of the product is necessary to implement and obtaining access to the resources needed by the firm. This can help to minimize the business risks for Rotiboy in order to make a better strategic decision and save more on production cost when they study the new market thoroughly and being well informed of the market in Turkey.

In conclusion, going global can be either lucrative or a nightmare for firm as it provides an opportunity for the business to grow and expand in international markets but the process or cultural differences can be tricky sometimes. Therefore, it is crucial for Rotiboy to set reasonable goals to measure their progress and understand the challenges that they are facing in new market in order to make a better decision using the knowledge they have.

CONCLUSIONS

As a conclusion, the product we chose to sell is Rotiboy which is a Malaysian bakery chain based in Kuala Lumpur. It is owned by Rotiboy Bakeshoppe Sdn.Bhd. This brand has sold tens of millions of buns and has become a generic name for Mexican buns. Other than Mexican bun, it produces different types of products in different countries.

Rotiboy has opened their stores in some Asian countries. Since this brand has not been established in Europe, we intend to venture Rotiboy into Turkey. The reason why we choose this country is that Turkey leads the bread consumption rate with 104 kg of bread consumed per person per year. We think Rotiboy has a competitive advantage of producing Mexican bun since Turkish citizen love sweet food and coffee. This is because Mexican bun is a bun with a coffee topping and butter filling.

For the background idea, Rotiboy, which offers 25 types of buns and a variety of pastries, is still famous for their buns. Its most popular products are Rotiboy Bun and Buttermilkboy. The buns are made from fresh dough which are freshly baked with own recipes as well as sweet, savoury toppings and fillings. In addition, Rotiboy products are halal so this brand can stand strong in a large Muslim population country. Even if their product varies according to the countries, the common products are based on bread. It suits for a country with large bread and halal food consumption like Turkey. The price is reasonable and the product is widely accepted by public as it is safe to consume. We must consider the taste and preference of the Turkish citizens to suit them.

Advanced technology will help in producing new products to supply the huge demands of consumers. Faster, cheaper and good quality products can be made to satisfy consumers. Since Turkey has up-to-date technology, Rotiboy needs to catch up. Rotiboy’s products are made from fresh and high-quality ingredients with reasonable price. Social media can be used to promote Rotiboy’s products since nowadays the world is becoming tech savvy. Turkey is a strategic place to invest because Rotiboy has already internationalise and has outlets in shopping malls and airports. Companies like Cigdem Pastanesi and Bosram Tasifirin are competitors for Rotiboy because their products are almost similar but cost advantage and differentiation are different. It needs to prepare USP (Unique Selling Proposition) so that it can outcompete others. Rotiboy needs Turkey’s halal certificate named Turkish Standards Institution (TSI) because
Muslims are allowed only to eat and drink halal certified food. Turkey is a good place to invest even though previously the economic growth was bad. The country also has young, dynamic, well-educated and technologically advanced population so it has huge potential for productive employees. In terms of product liability and product safety, Law on Consumers’ Protection (6502) implements EU Product Liability Directive (85/374/EEC).

To justify our idea, Rotiboy can enter into Turkey as there is large bread consumers. They are willing to try new things but adjustment needs to be done according to Turkish taste. One of their staple food is bread. Rotiboy will be known not only to the locals but also foreigners if the branches are opened in big cities which are visited by tourists from various countries. A country with free market economy, Turkey is chosen for Rotiboy to set up business in. cost of living in that country is also reasonable. Turkey has incentives for investors which attracts Rotiboy into that country.

To apply our idea, Rotiboy must be consistent with its price and quality of products but it will need to prepare for economic problem that might occur in Turkey. Other than that, it needs to improve quality and brand image to create positive impression among consumers such as by creating Standards Operating Procedure (SOP) but the employees of Rotiboy must be tolerant and patient with the local and international customers to deliver best service quality. Since Turkish people love sweet and savoury filling, it is important to produce product that suit their taste but they would like to choose on their own. Bread loaves and signature buns must be produced according to the amount. Although Rotiboy has price advantage compared to Cigdem Pastanesi and only Rotiboy produces that type of coffee bun, other companies might copy that so it is important to sell various types of products along with signature bun.

To give our recommendations, Rotiboy should develop International Expansion Strategy before their entry to new market so that the business can run smoothly in a different cultured nation. Rotiboy should have a close relationship with local business and expertise to get information on regulation and tax scheme so that unnecessary issue can be avoided and can get quick profit. It is very crucial for Rotiboy to study on the market in Turkey to see if any localization of product is needed so that better strategic decision and minimal production cost can be made. Rotiboy should also set reasonable goals to progress as well as face the challenges to make better decision with the knowledge possessed.

REFERENCES


