

COMMENTARY SERIES ON INDUSTRY TRANSFORMATION MAPS

A COLLABORATION BETWEEN CHANNEL NEWSASIA AND
MINISTRY OF TRADE AND INDUSTRY

You've heard about the Industry Transformation Maps, but not sure how you or your company can be part of the transformation journey? A series of commentary pieces penned by industry representatives offer interesting insights on industry trends, and share experiences about how they have overcome challenges and captured opportunities to transform themselves and be future-ready.

In the fifth and final instalment, Mr Steen Puggard, CEO of quick-service restaurant chain 4Fingers, urged F&B businesses to think and act as brands that disrupt and challenge the status quo in order to stay ahead of competition. Read more below for the article.

COMMENTARY: F&B BUSINESSES CANNOT RELY ON FADS TO THRIVE

4Fingers CEO Steen Puggard highlights the challenges in the food and beverage industry and argues for the need to think beyond food to stay in business.

By Steen Puggard (first published on CNA Online on 14 August 2017)



In the F&B industry, many restaurants and cafes open and close in quick succession as they are unable to sustain interest once a fad passed. (File photo: Reuters/Edgar Su)

AN EXPERIENCE NOT A FAD

At 4Fingers, some say we are a passing Korean fried chicken fad. True, we use a traditional Korean cooking recipe, but we borrow ingredients liberally from other Asian cuisines. Businesses like us must know that fads like K-pop come and go. So we have intentionally avoided positioning 4Fingers as a Korean food concept. Rather, we are a brand with a great experience around some amazing crispy fried chicken, taking inspiration from various Asian flavours. For example, our katsu chicken sandwich combines Chinese mantou buns with kimchi coleslaw.

Businesses like ours are surely aware that consumers are increasingly experiencing brand fatigue and are on the lookout for new, better options. People are not looking for another cookie-cutter fried chicken joint. There is a demand for honest, good food, so F&B outlets like ours must pay close attention to ingredients.

We also engage in causes that we think our customers can relate to, which has built high brand awareness. These include: Sending national rower Saiyidah Aisyah to the Olympics in Rio and supporting local artist Sam Loh who decorated one of our stores that just opened in Melbourne in June. We have reached 85 per cent brand awareness in Singapore in the 18 to 39-year-old segment, second only to McDonald's. I like to think this is truly amazing awareness and reach for a homegrown brand that has 12 outlets here.



4Fingers has opened the first of three stores in Australia and is currently looking at potential sites in Los Angeles, says CEO Steen Puggard. (Photo: 4Fingers)

TREAT STAFF LIKE FELLOW HUMAN BEINGS

We are also more than aware of manpower shortage problems in the food services industry and the high cost of labour. But surely, in the F&B industry so dependent on our frontline staff to deliver the customer experience, we must treat all our staff as who they truly are: Fellow human beings.

When it comes to salaries, F&B outlets should always ask ourselves – what is the amount we can afford, rather than how much we can get away with paying. So we offer our part-timers shorter shifts with an hourly rate of S\$11 which is higher than what the market pays for similar jobs. Many really like that because it gives them an opportunity to make a decent income while having time for studies or other part-time jobs.

Obviously, F&B businesses will be keenly aware of costs structures and the importance of sustaining a profitable business. To us, however, it is all about getting our priorities right and striking a balance. We feel vindicated because we have found that our employees are happier, as compared to the industry as a whole. By offering an attractive incentive programme as well as flexible hours with higher salaries, it seems we have in return happier staff, higher productivity and better service to our customers.

MOVING TOWARDS SELF-ORDERS AND HOME DELIVERY

Even then, it is still not enough for F&B outlets to get branding and manpower policy right. We need to think about the future of F&B and how consumers want to dine. So at 4Fingers, we are also looking at new productive business formats in line with the Food Services Industry Transformation Map. We need to match customers' preferences and deliver fried chicken to them in the way they want, to ensure our long-term business growth. For example, we have developed an app that lets customers order and pay online. The app uses customers' phones to replace the buzzers that we are currently using in our stores. People can then order before they even get to the store and arrive in time to pick up their orders.

We can then redeploy staff currently only handling cashiering to spend more time interacting with customers. This is important because customer service excellence is an integral part of providing an overall great F&B experience. We will also make use of online orders and payment modules in our cash registers by letting our customers order and pay for home delivery online, from the comfort of their couch at home. We need to respond to a fast-growing demand for food delivery and the ability to order whenever, wherever, or risk being sidelined.



4Fingers is looking to expand to markets in Malaysia, Europe and the US over the next few years. (Photo: Jalelah Abu Baker)

Most of our younger customers have been exposed to such disruptive technology, and we feel confident rolling out these new functions. It is a fast-growing space in their demographic, but we also think that some of our older customers may be receptive.

We are growing 4Fingers to become a formidable F&B business that keeps up with what our customers want so that we are not just a quick-service restaurant brand. This may seem like a lot of effort just to keep up, but what choice do F&B outlets have?

After all, hailing from a country where people take their food seriously, 4Fingers and the F&B industry in Singapore as a whole, have the potential to set the global standards for good food and dining. And we should meet such expectations

Steen Puggard is CEO of 4Fingers

