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EXECUTIVE SUMMARY

A

Wafa Bakery has been an outstanding graduate enterprise due to its tremendous growth in just a year. Two Universiti Malaysia Kelantan alumni started the business in the year 2020 from home before moving to business premises in Bukit Mertajam, Penang. Besides an interest in baking, Wafa Bakery also focuses on customer's pain in the market. Because of COVID 19, petty traders and micro-enterprises that sell simple foods such as burgers and Roti John have increased, hence resulted in a shortage of supply. Another contributing factor to increasing sales is product innovation. Wafa Bakery produces unique bread such as charcoal burgers and John Breads and also focuses on vegan products such as wholemeal Arab Bread. The business strategy also changed from business-to-customer to a business-to-business strategy due to market opportunity. Wafa Bakery's growth rate is tremendous as this enterprise was able to build a factory to meet the market demand within one year. Currently, Wafa Bakery has created jobs for 3 workers and 5 physical agents to help the community. Wafa Bakery has a sustainable business model with the financial stability to move forward. Wafa Bakery will become one of the latest producers of burgers and John Bread in Peninsular Malaysia in the next twelve months. This dream can be realized using a digital strategy that utilizes digital stockists, agents, and drop shippers.

INTRODUCTION

Wafa Bakery is a bakery business that is founded by two alumni of Universiti Malaysia Kelantan (batch 2015/2016) from the Faculty of Hospitality, Tourism and Wellness namely Noor Salwa binti Mohamad Razali and Mohd Faez Hafizie bin Mohd Nizam. They got married after graduating in 2019. The Wafa brand is the result of a combination of the names of Salwa and Faez. The product lines are breads, frozen foods and in early August 2021, Wafa Bakery has added cakes.



Figure 1. Wafa Bakery Business Premise



Figure 2. Wafa Bakery Newspaper Cutting

A

INNOVATION AND VALUE -ADDED ATTRIBUTES

The product lines of Wafa Bakery (WB) are not limited to bread only. To survive in this competitive market, WB always innovates its existing products as well as creates new products to gain product market acceptance. These include, frozen Arabic wholemeal as well as spicy meatballs. Customer pain, innovativeness, and value-added product are discussed as below.

a. Plain Flavour and Texture Bakery

Wafa Bakery (WB) had received complaints from the customers indicating that they need rich texture and a variety of flavor-based bakery. To fulfill the market demand, WB always gives its best by using premium and high-quality ingredients such as bread flour, bread softener, and shortening in making their doughnuts. WB also has produced a variety of flavors such as strawberry and pandan. For instance, the original doughnut as shown in Figure 3 is plain and has no interest to eat as compared to the pandan doughnut in Figure 4. These doughnuts have added-values for the customer to enjoy.



Figure 3. Original doughnut



Figure 4. Pandan doughnut

In addition, for the sandwich loaf, WB has produced several types of flavored loaf. WB's customers can now taste sandwich loaf not only in the regular flavor but also in pandan, strawberry, and rainbow flavors. The rainbow flavor sandwich loaf as shown in Figures 7 and 8 so far has become the star among WB customers as they fall in love with the uniqueness of its taste and look.



Figure 5. Strawberry sandwich loaf



Figure 6. Pandan sandwich loaf



Figure 7. Rainbow sandwich loaf



Figure 8. Steam Rainbow Bread

Furthermore, the burger bun is also one of the products that are in high demand from WB customers, especially from burger sellers. Due to the innovative ideas by the owner of the bakery, WB can produce and sell burger buns in five different types, namely sesame seed bun, brioche bun with sesame seed, charcoal bun, pandan bun, and strawberry bun. The added value for the burger buns is in terms of their texture due to the use of premium and quality ingredients in each recipe. The fine and soft texture of the bun which at the same time is not easily crushed surely gives satisfaction to the customers to enjoy their buns.



Figure 9. Pandan and Strawberry Bun



Figure 10. Sesame Seed Bun



Figure 11. Charcoal Burger Bun



Figure 12. Brioche Bun

b. Less Healthy Products by Other Bakery in the Market

Wafa Bakery (WB) business premises is located within the demography of Chinese and Indian, who are known to concern a lot about healthy food. WB started to research market trends on bread and found out that Arabic wholemeal bread is a new trend. The breads produced by WB are unique in terms of ingredients. Therefore, WB made some research and development (R&D) in terms of the ingredients and come out with the final recipe of wholemeal Arabic bread with good flavor and texture but have no egg, less sugar, and contain 40% wholemeal flour. As a result, WB can offer wholemeal bread that is healthier yet rich in flavor to their customers. Figure 13 shown Arabic plain bread by competitors and Figure 14 show the Arabic Wholemeal bread by WB.



Figure 13. Arabic plain bread



Figure 14. Arabic wholemeal bread

c. Product Durability

Petty traders and micro-enterprises that involve in selling burgers have difficulty in preserving fresh breads for their customers. Wafa Bakery (WB) also has a solution for that problem. As a practice in the industry, the expiry date of bread is just around seven to 14 days if no preservative is added. However, WB can ensure that bread lasts more than 10 days with proper storage and no exposure to hot weather.

Some competitors of WB, which is a manufacturer of homemade burger bread, will have problems with the durability of the bread because it is likely that they do not store it in the right way. For the burger vendors who deal with WB, new knowledge has been exposed on how to store bread in the freezer for more than a month's durability. This storage procedure was learned while studying in F&B class at Universiti Malaysia Kelantan. Below are among the examples of burger bread that is being used by WB's customers.



Figure 16. Among the Burger Breads used by Wafa Bakery's Customer

A.

B

MARKETABILITY RATE (INVESTMENT) AND FINANCIAL OUTCOME ASPECT

a. Investment

At the early stage of the business, Wafa Bakery (WB) only sold bread from home on a whim because that was when the Movement Control Order began in 2020. WB started to buy raw materials with a capital of RM200 that were shared by both the founders and then technological machines such as secondhand mixers, ovens were bought from traders who did not want to operate their business anymore which cost them only RM2000.

For the long-term investment of the bakery, WB has purchased a piece of land in 2019 where a premise for bread processing will be built there. The land was bought when the price was cheap which only cost RM30,000. However, the current price of the land has increased by RM70,000. The building construction was fully completed in August 2020 with a capital of RM30,000. The founders have made a half loan with TEKUN NASIONAL. The WB business operation has moved to the premises in September 2020. In other words, WB which was just merely a homemade product before is now making a bigger step further in the food and beverage field.

The potential investment in the field of nutrition especially bread making is very high due to high demand in the market. It can be seen when more and more traders are venturing into bakery-related business such as by selling burgers and John Breads. WB views this scenario as a golden opportunity to further expand their business all over Malaysia. That is when WB start to gain their customers' trust as they had purchased several technological machines to increase the production of WB products. The investment in this technological machine will give a high return to WB.



b. Product Marketability

At the end of 2020, WB started producing 12 -inch bread that is to be used in making John Breads that is highly demand during Ramadhan. During Ramadhan 2021, the demand for the bread tremendously increased where WB had to supply about 90 % more bread than the usual time. And this has not stopped there as the demand for the bread has been overwhelming since then. From the experience and feedback given by their customers so far, this is where WB has taken a step to innovate their product again according to the feedback they receive from the customers.

This is mainly to ensure product marketability where customers gain satisfaction in buying WB products hence ensure the sustainability of the business. To fulfill WB customers', need and demand, WB has made some innovations in terms of the size by customizing it into a 12 -inch sesame john bread, 10-inch john bread and the latest one is 12-inch charcoal John Breads. WB has also taken the opportunity to introduce charcoal John Bread (shown in Figure 18) to WB regular customers to be used in their John Breads businesses.



Figure 17. Original Roti John



Figure 18. Charcoal Roti John



Figure 19. Among the John Breads used by Wafa Bakery Customer

In addition, WB's business journey from the beginning was only using social media mediums to introduce WB products directly around the Penang area. However, it was hard to increase sales with the usual business practices. Therefore, WB started to use runner services to deliver products to areas around Bukit Mertajam and Seberang Jaya. Now, WB has improved its sales by adding the latest marketplace digital platform which is Shopee. This is because the demand from other states' customers is very high due to the lack of bread stock in their area.

c. **Financial Outcome**

WB's profit for each product also fluctuates due to the pandemic that hit the country. The cost of purchasing materials needs to be reduced at the same time WB needs to ensure that sales are increased. For frozen doughnuts and wholemeal Arabic bread, agents, and grocery stores play an important role in providing a profit on sales revenue each month. Each agent will take stock at least three times a month. Similarly, with grocery stores and frozen stores, the stock will be shipped monthly.

Burger bread and John Bread were also well received, which contributes to the positive WB's sales revenue. For burger bread, it is estimated that almost 5000 to 6000 pieces are produced every month with a gross profit of RM3000. Next, roti john is estimated to be 3000 to 4000 pieces produced every month with a gross profit of RM3500 to RM4500. Profits earned are the result of customers buying directly in the store, regular customers who place orders for each week, and also from the Shopee platform. Figure 20 shows WB monthly sales struggle and achievements.

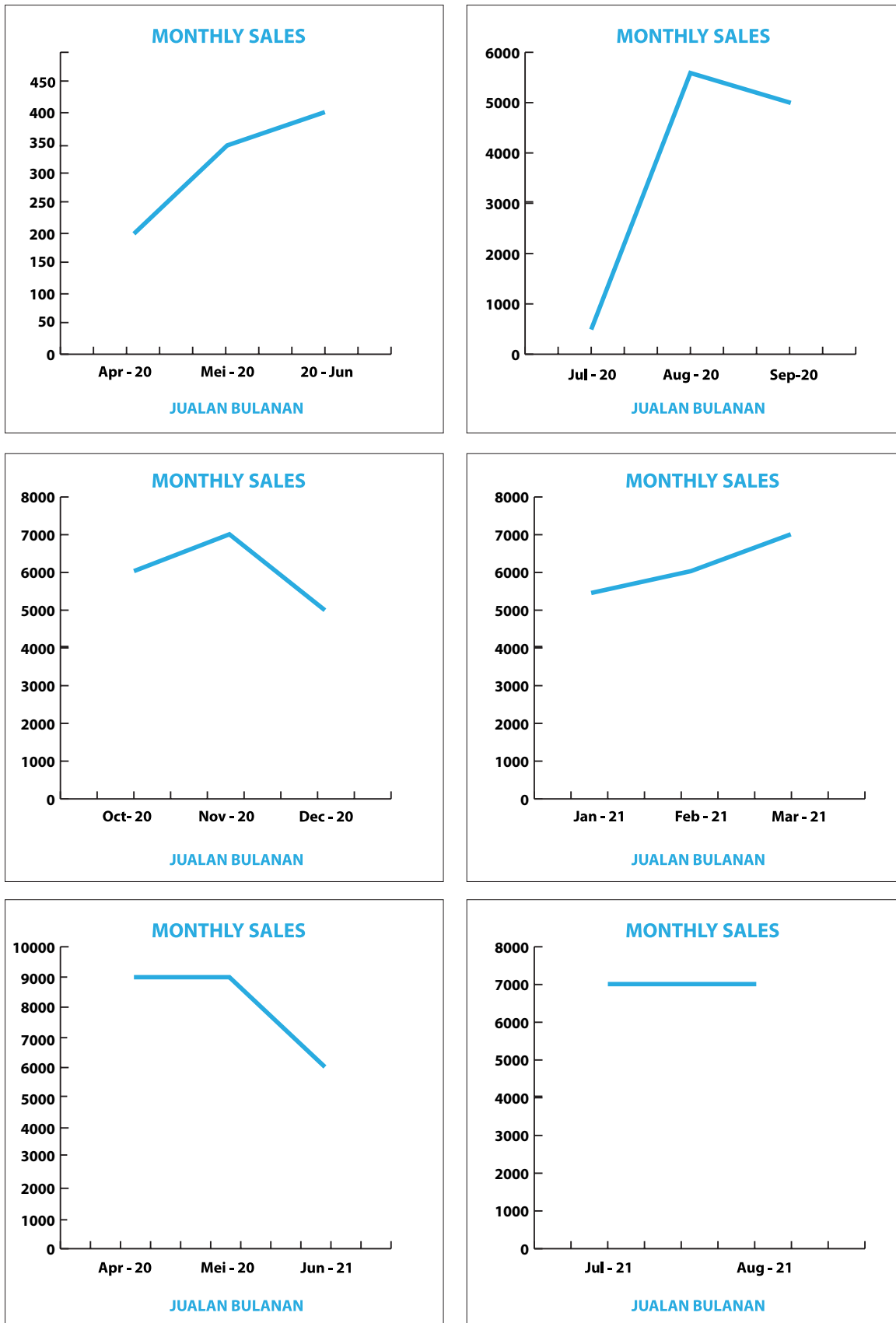


Figure 20. Monthly Sale Revenue of Wafa Bakery

SUSTAINABLE BUSINESS MODEL



a. Value Proposition

Providing a value offer that matches the customer's needs is crucial for a product or service to have a place in the hearts of the customers. A good value offer will convert what is promised into optimal sales. It does not require sophisticated words, but importantly 'straight to the point.' Therefore, Wafa Bakery (WB) offers value or the promise that WB will always produce a very good product and also fresh bread. With this promise, WB will be able to secure their loyal customer and open up to new customers or market segments.

b. Revenue Stream

Wafa Bakery (WB) also diversifies the revenue stream to survive in this challenging situation. WB earns an additional income through the recruitment of vendors who want to introduce their products through WB store. Vendors who place their products only give a commission of 10% of the sale price, without having to pay monthly rent. This is because in this way, WB can help to introduce vendors who run businesses on a small scale without incurring the loss of paying rent. Figure 21 shows the vendors' product that contributes to WB revenue stream.



Figure 21. Vendors' products at Wafa Bakery

In addition, WB has added an important service for residents around the residential area adjacent to their premise which is the E-PAY payment service. Since WB's business area is in a residential area, then this service is one of the advantages that can increase monthly sales revenue and also can help the community around this area to pay bills and utilities. Figure 22 shows E-Payment Providers.



Figure 22. Wafa Bakery E- payment Services

Apart from bread and frozen food, WB has added new products to increase its monthly sales, which is cake. Although the demand for cakes are still at a new level, there are still customers who place orders to be used as gifts, goodies and also donated to those in need. Figure 23 shows different types of cake offered by WB.

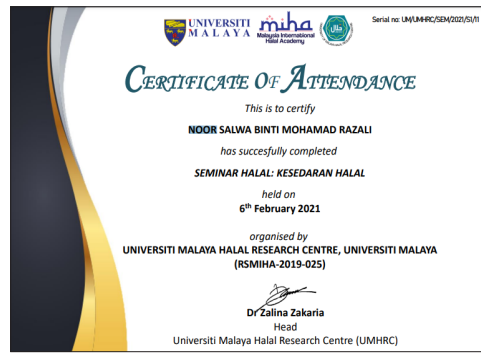


Figure 23. Wafa Bakery Cakes

c. Networking

Businesses do not only focus on profit from sales alone, but the dynamic work environment also affects the productivity of a business. When the work environment is at a good level, it must be able to motivate employees to carry out their duties perfectly. Therefore, to maintain the stability of the way of working, Wafa Bakery (WB) always takes care of the welfare of the employees such as by providing a comfortable prayer and rest space, providing food once a day, payment for overtime, and celebrating employees' birthdays.

Next, the relationship with the customer is also a priority to ensure that the customer feels more valued with the services provided. For example, Shopee customers as well as those who deal through the door-to-door delivery will be given a 'gift' as a token of gratitude for trusting the services provided. WB also values feedback from customers to find out the shortcomings that need to be improved. Apart from that, WB also participates in programs organized by government agencies and the Alumni of Universiti Malaysia Kelantan.



SOCIAL AND ECONOMIC IMPACT

D

a. Social Impact

During this difficult pandemic period, Wafa Bakery (WB) is proactive in helping out the unfortunates in their community. Among these efforts are contributing everyday essentials to the mosques, orphanages, as well as frontliners. These efforts are not of Wafa Bakery alone, the business also invites and calls help from its customers and agents as well. Wafa Bakery also donated kitchen essentials to the B40 group from collections, and donations by customers and friends. The proceeds of this contribution have had a positive impact on the needy as many of the surrounding residents have been laid off or lost their source of income.



b. Economic Impact

Wafa Bakery (WB) employs two community college students as part of their industrial training as well as students who have just finished their SPM so that they could receive work training while earning extra income to be used when they further their studies. By providing this job opportunity, WB can provide a source of income to them before pursuing their higher careers. Furthermore, WB also recruits five agents that collect and distribute WB products especially to business premises.



B.

MARKET POTENTIAL AND STRATEGY

E

a. Market Potential

The bread production industry is an industry that has huge potential in the country's marketplace. Besides demand for the sweet bun, Wafa Bakery (WB) also receives high demand from small food businesses to provide burger buns and Roti John buns. This is due to the growing numbers of people who have started to sell burgers and Roti John after they lost their jobs due to the pandemic. The demand for the bread does not only come from Penang, but also from businesses in Perak, Pahang, Terengganu, and Kelantan are also lining up for Wafa Bakery's bread.



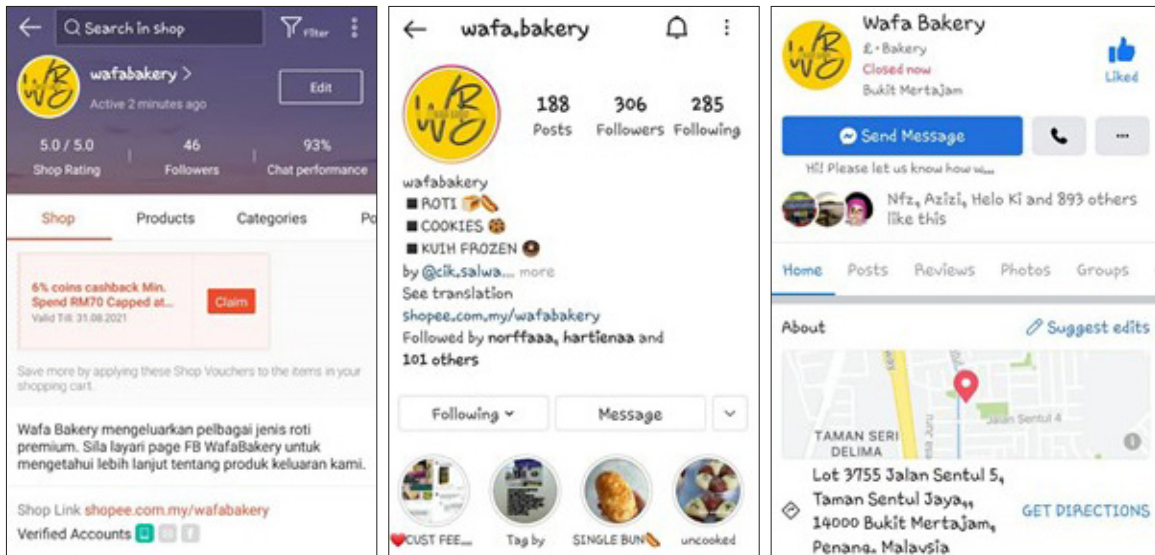
a. Market Strategy

i. Broaden Market Segments

Henceforth, Wafa Bakery has ramped up its productions to fill in the market demands. They have started using the high-tech machine to produce more bread products. To penetrate the outside market, Wafa Bakery has also improved the way they pack their wholemeal Arabic bread and frozen doughnuts into neater and attractive packaging. Usually, Arabic bread is packed in plastic but for the wholemeal Arabic bread from Wafa Bakery, they are packed in plastic and special boxes. This is to ease its transport to outside of Penang. The frozen doughnuts on the other hand, are packed in a plastic container that could fit ten doughnuts. This is to preserve the product as well as retain its shape. As a company that prides itself of its Muslim branding, the company is working to improve and ramp up productions so that it could stand and pass other bread production companies.

ii. Increase utilization of Digital Platform

The digital platform is also one of the strategies for marketing. Among the customers' choices are social media such as Facebook, Instagram, and the Shopee platform. Through such a market, it is easier for customers to deal with WB. This is one of the most widespread marketing without borders.



iii. Increase Digital Army

The digital army refers to the game's players in the eCommerce market such as stockists, agents, and dropshippers. Wafa Bakery (WB) will construct the line of digital army and strategize this army to sell WB products on the digital marketplace.

APPENDIX

BREAD MAKING PROCESS BY WAFA BAKERY



PRODUCT DISTRIBUTION TO CUSTOMER AND RETAILER



STUDENTS INTERSHIP AT THE PREMISE



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