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# Piping hot dogs: a case of a Malaysian franchise

Sethela June and Asmat-Nizam Abdul-Talib

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It is an ongoing process for entrepreneurs as we are always seeking ways to improve in the industry. I have the joy of watching others grow successfully through my franchise programme, [...] Tengku Rozidar Tengku Zainal Abidi

## Introduction

Looking out of her office window, Rozidar is deep in thoughts with many things playing in her mind; a mix of the journey so far on the local front, building the young entrepreneurs, and the ever-more-attractive foreign markets keeps appearing in her thoughts as she ponders. The last 12 years have not been a bed of roses and she cannot count the times that she and Zakir had to fight against the odds when they first ventured into the food business. Rozidar would love to see all her franchisees be successful under 1901 Hot Dog – that is the legacy that she wants to leave behind. In the 12 years since 1901 Hot Dog started, Rozidar has indeed been happy with its performance, but deep down inside, she knows that being successful on the local front may no longer be sufficient, as day by day the local fast food industries are undeniably getting more competitive. Thus, she is searching for answers on how she can turn 1901 into an internationally-renowned fast food company given the lack of brand recognition at the international level. As she ponders, Rozidar also contemplates her ongoing expansion into the Middle East. With the current economic condition, Rozidar's expression is intense as she toils with the decision of whether she should maintain the current business model of franchising as she moves into the overseas market, and how she can expand further in the robust Gulf nations. 1901 Hot Dog has made its presence felt in Kuwait and Dubai, but should the Middle East remain their first choice of foreign market? As she flips through the report of the just-completed fiscal year, Rozidar is concerned about 1901 Hot Dog's future course of action.

## Franchising in Malaysia

Historically franchising has been very close to the heart of Malaysians, though they may not realize this. Ask any Malaysian of the older generation: they would have not known the concept of franchising but they would certainly know what Singer and Bata were all about (Abdul Aziz, 1999). The opening of Singer sewing machine stores in 1948, later followed by Bata shoe outlets, marked for the first time the presence of franchising businesses in Malaysia. It was not until the 1990s that fast food franchises became a strong presence in the country, even though A&W had been introduced in the late 1960s. Foreign franchises such as McDonald's and KFC had always been the dominating brands, but seeing the importance of building the economy of its country, the Malaysian Government began to take a bigger role in franchise development with the hope of developing more Bumiputra[1] entrepreneurs and their economy. The small and medium enterprise (SME) Annual Report of 2006 reported that there were 321 franchise systems in Malaysia with 197 homegrown franchise brands and 124 foreign franchises. The Malaysian Government saw franchising as

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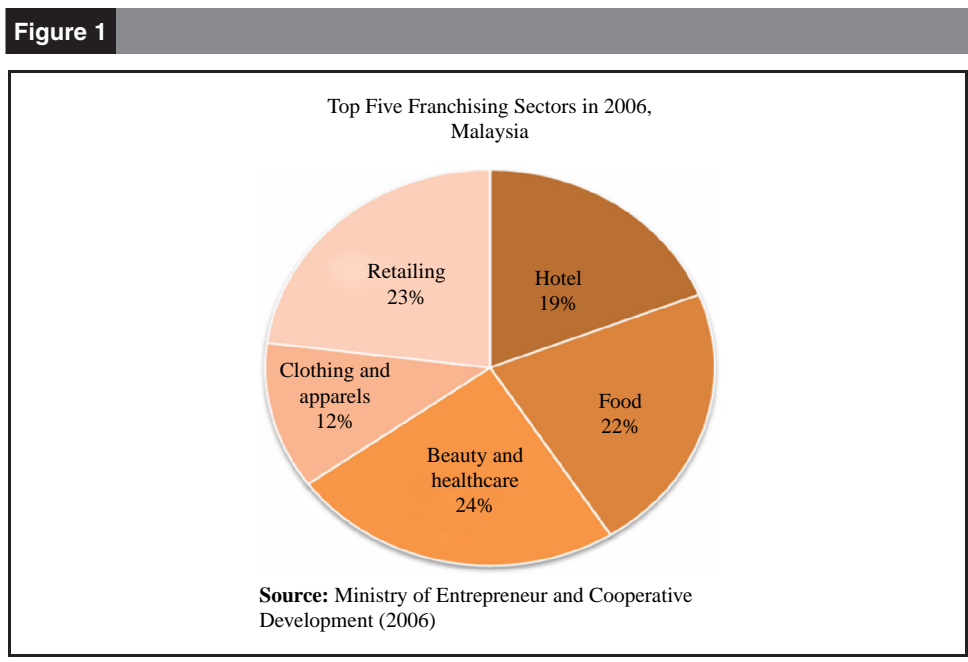
one of the tools in its arsenal when it launched the Made in Malaysia brand abroad in its 9th Malaysian Plan, an effort to convert the Malaysian brand into a global brand recognized all over the world. At every available opportunity the Malaysian Government has encouraged its homegrown brands to go abroad, especially to venture into emerging economies such as China, India and the Middle East where opportunities for growth are abundant.

Through the Ministry of Entrepreneur and Cooperative Development (MECD) and its agency Perbadanan Nasional Berhad (PNB), the local franchise industry was given a boost through various programmes, assistances and trainings. In order to assist the Malaysian Government to develop and promote franchising programmes, the Malaysian Franchise Association (MFA) was established in 1994 as a self-regulating body for the franchising industry. MFA provides recommendations, formulates strategies, fosters training, and helps with development and strategic planning for the industry, and acts as a resource centre for both current and prospective franchisors and franchisees as well as for media and the public ([www.mfa.org](http://www.mfa.org)). A study by Hanafiah and Khan (2001) ranked Malaysia at second place in Asia and 21st place in the world as far as franchise growth is concerned. Although there were about 6,500 franchise developments in Malaysia at that time, only a fraction of them were registered with the MECD and the MFA.

The availability of various development programmes led to the soaring of franchising businesses, which eventually resulted in the establishment of the Franchise Act 1998 in an effort to regulate the industry. Because foreign franchises were seen as the guru for local entrepreneurs, many foreign franchises with good track records and excellent business models were invited to set up operations in Malaysia. This franchise-friendly policy successfully fostered a strong industry growth of approximately 10 per cent annually from 1992 to 2002. Food and beverage franchises have always been the favourite option, although there is a recent trend to non-food sector businesses such as education, service, retail, health care and beauty. Among the few famous home-grown food and beverage brands are 1901, Marrybrown and Secret Recipe. Figure 1 shows the top five franchise categories in Malaysia as reported by the SME Annual Report for year 2006.

### Company background

When Rozidar, the founder of Nineteen O One Sdn. Bhd., initially started her business; it never crossed her mind that this business of selling sausages using pushcarts would turn out to be so successful. In fact, she made the right decision when choosing to go on with this



franchising business as franchising in Malaysia has shown dramatic growth and has become one of the most favoured ways to go into business. Moreover, with the extensive encouragement of the Malaysian Government in the development of the franchise sector, 1901 is now seen as one of those success stories of a locally produced brand.

All Rozidar wanted when she was young was to be a news presenter and lecturer and drive her dream car (a Mazda Astina). As the saying goes, dreams do come true since Rozidar was able to realize her ambitions within one year upon returning home to Malaysia. Having graduated with a Masters of Arts in International Relations and with two other bachelor degrees (Bachelor of Arts in English Literature and Bachelor of Education in Teaching of English as a Second Language) she landed her dream job as journalist for Radio and Television of Malaysia, which is a Malaysian state-owned public broadcaster and then moved on to TV3 (a leading private television station).

Rozidar could have stayed on as a television broadcast journalist, and become a lecturer serving academia and enjoying life at the same time. However, she eventually decided to leave her glamorous career to go into the food business with almost no experience and – as in the common phrase, “Ignorance is bliss” – she and her husband Ahmad Zakir Jaafar simply did it without fear. This dynamic lady probably inherited her strong will power from her mother whom she regards as her role model and who instilled unwaveringly disciplined behaviour even at young age. These strong values that were upheld to this day have turned her into someone full of determination and perseverance. Though they started with a franchise business of selling sweets, it was not a sweet sailing attempt. They had to learn an expensive lesson with a failed foreign franchise before embarking on another venture that eventually changed their lives – the 1901 Hot Dog business. Growing from merely a single pushcart, the company has evolved into one of the most successful purely-local food franchise businesses with almost 100 franchises throughout the country and abroad.

Those who know her would say that Rozidar is a very versatile lady as she often does all the planning based on her own creativity. Perhaps, not many people know that Rozidar can play the piano and she does singing during her leisure time, which reflects an exciting personality that transformed into the branding of 1901 Hot Dog. She used the services of a graphic designer to develop the logo for her fast food company but all other elements of the business arise simply from her own creativity; that includes the recipe for the hot dogs, which emphasizes quality ingredients. Her seriousness in managing her business was proven further when she went to the extent of purchasing a mini smoke machine in order to test the smoked flavors at the initial stage. A person who believes in being personally hands on, Rozidar spent most of her time selling hot dogs at the first few 1901 Hot Dog outlets, as she felt her presence would be evidence of her commitment towards her customers. She has frequently reflected on this experience which she feels has given her opportunities to be humble and to see that everyone of 1901 Hot Dog’s customers are of equal status regardless of their background or social standing. Therefore, it is not surprising that the latest tagline of the company after its re-branding effort is “Food for Friendship.”

1901 Hot Dog was established during a challenging period, when most businesses were having hard times due to the Asian financial crisis. The idea of 1901 cropped up during a return trip from the USA; Rozidar and Zakir became fascinated with the hot dog business in the USA where it was common for people to sell hot dogs from a pushcart on the streets. They decided that the same idea could be used in Malaysia as the hot dog is simply loved by all – and that includes Malaysians. Backed by a mere RM100,000 and lessons from their failed foreign-owned franchise selling candy bouquets, Rozidar saw herself moving from buying haute couture to shopping at cheap sales, a total lifestyle change. She has transformed from a class-conscious lady to one who is willing to invest all her personal savings, dive into the business that she is very passionate about, and be satisfied with a life of simplicity.

Their strong desire to make 1901 a success propelled the couple to order a customized prototype of a pushcart, manageable by a single person, from the USA on which to build their dream hot dog chain. Eventually Zakir and she were able to put things together, and after six months of toying around with various recipe books, the company was formed in July 1997 with

Rozidar assuming the role of chief executive officer (CEO) and Zakir being the Executive Director. The company was named Nineteen O One Sdn Bhd after the year the term “hot dog” was introduced in the USA, and the month it was incepted was National Hot Dog month in the USA.

1901 Hot Dog uses a fast food franchise concept to spread its wings. It offers franchisees a complete business format, with reasonable set-up cost and a relatively easy and simple to manage business model. The simplicity of its operation requires only one person to handle a pushcart, which is usually strategically located and supported by a strong corporate identity. Since preparation is based on the steaming concept, the entire process of making hot dogs is smoke-free and thus eases the maintaining of cleanliness, which was one of their utmost priorities. Furthermore, the founder of 1901 Hot Dog stresses using only quality ingredients in the making of their hot dogs, such as chicken breast meat, and prime beef cuts, and no mechanically de-boned meat is used. The company has a belief that only quality products should be purchased by their customers and it is not unusual for them to go all out to ensure that all ingredients are of high quality including even their vinegar.

As the company strove to maintain the quality of their hot dogs, a lot of money was thrown into ensure that sufficient research and development was carried out, along with lots of ongoing discussion on ways to enhance the nutritional value and convenience to the public of 1901's hot dogs. Moreover, all their staff undergoes a series of intensive and comprehensive in-house training sessions to equip them with the necessary operational skills and excellent customer service. It is of utmost importance, according to this CEO (who believes in “hands on management”), for the company to maintain consistency in the quality of products served in all their outlets, as she believes that all 1901 outlets must have the same wholesome image and be associated with the right universal values and *halal*[2] brand.

## Challenges

Though quality is a predominant concern for 1901 Hot Dog, one of the other challenges that the company is facing is making franchisees understand the importance of working as a single independent entity rather than just being agents. Rozidar works to make the franchisees understand that they have to be independent especially pertaining to their outlet's marketing plans, although she makes frequent visit to all the outlets of 1901 Hot Dog. The company recorded excellent growth and with their strong commitment has grown from merely a single pushcart at Sunway Pyramid Departmental Store in Klang Valley to a total of 84 franchise outlets in Malaysia, including five outlets in Singapore and three outlets in Indonesia, with an estimated annual turnover of RM 45 million for the year 2008. Owing to its exceptionally robust sales response, 1901 Hot Dog has become one of the country's most successful franchise business and the leading hot dog franchise in the country. Its success is evidenced by the fact that the company receives at least 30 enquiries on a daily basis, with at least four applications each week from potential franchisees.

1901 Hot Dog was awarded the Superbrand[3] status two years in a row, and the achievement and success of this company as a local hot dog brand is indeed commendable. Nevertheless, Rozidar always remembers that things were never rosy for them and “things just don't come easy” according to this “hot dog lady,” the name that is so synonymous with her. This maxim was very fresh in her mind when they were toying with how they could sell hot dogs for RM3.90 from a pushcart, and pondering how association of their hot dogs with its country of origin – the USA – could be used for marketing purposes.

Since its birth in 1997, 1901 Hot Dog's presence has been very strong locally. Owing to its strong brand recognition locally, 1901 Hot Dog has been able to generate higher sales and through its intensive marketing campaign, it has even managed to recapture the youth market that has been targeted by foreign giant fast food franchises. But Rozidar has a firm belief that if the company intends to stay competitive and relevant in the food franchising business it has to go overseas.

## Competition

Owing to the current global economic uncertainties, many companies are facing the grueling pressure of cost increases in raw materials and caution in consumer spending. 1901 Hot Dog itself cannot avoid being splashed by the waves of a worsening economy. Its international expansion in Singapore and Indonesia would certainly make the company subject to these countries' economic conditions, most significantly their lower disposable income due to the rise of unemployment. Rozidar has seen a slackening in their revenue growth due to the opening of their Jakarta outlet, the streamlining of their in-house system (in terms of re-branding effort for the purpose of expansion as well as changing some of its pushcarts to bigger outlets in a form of snack cafés instead) and also the purchase of four Singapore outlets. In view of the growing competition that 1901 Hot Dog is facing, the company decided to invest more in brand advertising and promotional campaigns – both measures designed to help them withstand competition. Even though the move resulted in the company experiencing lower profit margins due to increased expenditure; Rozidar felt that the strategy was necessary in order to retain its existing customers and also to attract new consumers to switch to 1901 Hot Dog.

“Staying competitive is very challenging in any kind of fast food business,” says Zakir; the level of competition among operators is extremely high, especially as they have to face the more established companies like A&W, the earliest seller of hot dogs in Malaysia. He believes that one way to fight this competition is for 1901 Hot Dog to allocate approximately 10 per cent of its earnings to advertising and promotions. This effort is rewarded when 1901 Hot Dog is able to encourage customers to switch brands and when it attracts new customers from the untapped market, which Rozidar claims has helped the company acquire an increasing percentage of the fast food markets. 1901 Hot Dog is very concerned about quality and consistency in delivering its products to customers. The company strives to maintain a low unsold product – ideally not more than 3 per cent at all 1901 outlets – as this minimizes cost and maintains food quality.

Rozidar constantly has in the back of her mind the issue of quality which she regards as the mean to counter competition. She realizes that in the food business, quality is not merely related to taste but also to the ability to meet the standards in food preparation and presentation. In fact due to intense competition, the company has resorted to a higher level of innovation through extensive investment in research and development, so that newer products with further enhanced quality and more creative food presentation can be offered.

Through its competitive pricing strategy, 1901 Hot Dog offers a very competitive price for undertakers of its franchise programmes compared to other more established brands where initial investment ranges from RM15,000 to RM 300,000, depending on whether it is a pushcart, kiosk or diner; 1901 claims this is the lowest startup cost compared to other foreign franchises which can cost RM500,000 and above.

At the same time, the increase in the number of fast food chains in Malaysia – including those which had already been established for quite some time, such as Dunkin' Donuts, KFC, McDonald's, Pizza Hut, Domino's Pizza, Auntie Anne and A&W – provides 1901 Hot Dog with no other choice but to change for the sake of survival. In order to achieve this, the company decided to find out what customers really want by carrying out an audit to assess the performance of its current operations. This effort highlighted the importance of having quality service in delivering their products to customers in an environment where a level of efficiency is expected by every customer.

Even though the global economy seems volatile, 1901 Hot Dog is still optimistic of its business prospects and sees more people willing to go into the food franchise business in such a challenging time. Owing to this pressure, 1901 Hot Dog has had to find newer and more accessible markets outside Malaysia. Zakir cited the number of applications rolling in locally and abroad as a sign that people are still interested in the franchising business. By cutting costs through the purchasing of ingredients in bulk for its outlets, 1901 has been able to survive the current economic situation and further develop its brand and franchise business. The company plans to spread its wings into the Middle East due to the growing

demand and growth potential for *halal* products there as well as in neighboring The Association of Southeast Asian Nations (ASEAN) countries where the world's largest population of Muslims can be found. The company's strategy is to penetrate those countries that have minimum entry barriers and those that have a potentially high level of customer acceptance of its product and its concept.

### Personalized support

The founders of 1901 Hot Dog have set their minds to at least be able to assist those who wish to become entrepreneurs like them, and therefore doing big business is not their main goal. Instead, the mission of 1901 Hot Dog is to become a franchisor that is able to build good and trusted relationship with its franchisees. Rozidar and Zakir say that they often heard complaints from franchisees that franchisors (especially foreign fast food chains) did not understand their needs and would dictate rather than listen to what they have to say. This often led to failure of franchisees to carry on with their business. Rozidar and Zakar strongly believe that since 1901 is a Malaysian-based company, any lack of understanding of the local franchisees needs can be easily resolved.

The attractiveness of 1901 Hot Dog also lies in the fact that most of its franchisees are owner-operators themselves, which gives the company a plus point compared to other more established franchise chains. The company tries to ensure that it chooses franchisees who are dedicated to the business and who will regard other franchisees of 1901 as their partners, so that knowledge sharing will become natural among them. This will then strengthen the franchise even further as when franchisees are successful, they generate a steady income for 1901 Hot Dog. Franchising will be the biggest income generating source for the company in the future. In fact, according to internal sources, approximately 60 per cent of 1901's overall turnover is contributed by their franchisees.

### Internationalizing 1901 Hot Dog

Recognizing the need to bring their homegrown brand to the international level, both Rozidar and Zakir believe that they have to make several changes in their business model if the move is to be a successful one. They realize that franchising may not be a viable option as 1901 is practically unknown outside Malaysia and thus the franchise-based outlets abroad would probably fail to have any take-up by foreigners. The only way for them to penetrate the international market, therefore, is to own the outlets overseas.

As a result, Rozidar constantly has to face the challenge of hiring staff that are willing to relocate overseas just to sell hot dogs. In addition, 1901 Hot Dog needs to deal with the issue of market saturation which creates barriers for new outlets. A constant increase in price and competition from industry leaders has also somewhat affected its ability to increase revenue. As Rozidar is a firm believer that "opportunity does not come rolling unless you look for it," she has been eying the Middle-East with its great opportunities for the *halal* market. "We want to penetrate the Middle Eastern market and other markets with Muslim population for our *halal* food. We aim to be a global *halal* brand," she said when interviewed by a local press company.

In an interview with a leading local press Rozidar was quoted as saying that "the franchising industry will be very challenging in future due to the increasing number of new players in the market. However, as long as our brand remains relevant, the company's prospect will remain positive." Zakir admitted that rather than being worried about too many new players in the industry, they see more challenges in the aspect of human capital. His wife-partner was quick to add that in their kind of business, being able to attract good talent is vital for their organization's success.

### Franchising in the Middle East

The attractions of franchising as a business model for the development of SMEs in most of the Middle Eastern countries were similar to what the Malaysian Government saw. With an industry valued at approximately US\$30 billion and an average annual growth of 25 per cent

(www.ameinfo.com), the Middle Eastern countries act as a magnet for many established franchising giants of the USA. The franchising industry's growth potential has been further elevated due to aggressive expansion of the retail business in the United Arab Emirates which provides a good platform for international and regional brands to set their foot. The CEO of franchise consultants Franchise Excellence, Sary Hamwy, expressed it this way: "The Middle East franchise market will continue on its current growth pattern and, together with the development of the retail industry, we predict a very bright future for the sector, which is growing at 20-25 per cent per annum." He went on to say that franchising is opening up opportunities for the growth of SMEs in the Middle East. The organizer of the Franchising Middle East (FME) exhibition Abdul Rehman Falaknaz, President of International Expo Consults, lauded the effort to promote franchising in the Middle East as he sees that the franchise model opens up opportunities for entrepreneurs to penetrate into the Middle East market. "The Middle East market has seen steady growth in the franchise sector but now, with the number of new retail and entertainment developments opening up, the market is about to see tremendous growth," Falaknaz says. A similar trend is also seen in the Middle East market in terms of franchise choice: food! As described by the president and CEO of the International Franchise Association (IFA) Mathew Shay during the FME exhibition "there are no limits to our appetite for new food concepts." In fact, according to IFA, McDonald's, Burger King and KFC are the three fastest-growing food and beverage franchise brands internationally.

### Road to Middle East

Giving the growth level of food and beverage franchises around the globe, many other food and beverage franchise companies are mushrooming to follow in the footsteps of the three big brothers – McDonald's, Burger King and KFC. The current development in the Middle East helps the region to become one of the fastest-growing regions in the world and it is no surprise to see it becoming a very popular location for industry players wanting to bring their company to the next level, 1901 included. Rozidar in her heart knows that this is the land of opportunity that will bring success should she want to build the 1901 Hot Dog brand internationally. It is indeed an ideal location for market expansion as the region is among the most investor-friendly, where the local government provides full support with attractive tax-free facilities and a world-class infrastructure. The attractiveness of the Middle East is further enhanced by the high number of consumers in the upper market range with a high level of consumer spending, which creates great opportunities for the franchising business. Rozidar has to be very selective on the mode of entry if she wants 1901 to be accepted in the foreign market.

Through a successful planned collaboration with Al Aaraaf International Group[4] as the "master franchise company," 1901 Hot Dog has been able to penetrate into the Kuwait market. This has been followed by ongoing negotiations with other potential master franchisees as a move to enter other middle-eastern countries, which have always been an attractive market given that 1901 Hot Dog is a *halal* hot dog-based food provider and therefore would easily be accepted due to the strong Muslim presence. Rozidar also expects to open their first outlet in Dubai by the end of the first quarter of 2009, from which the company can expand to neighbouring locations like Cairo and Jeddah.

The company's overseas outlets so far account for 5 per cent of the total revenue and Rozidar is confident that the overseas market will grow even faster than the local market in years to come. Through the earnings obtained from the proceeds of their 40 per cent disposable share to PNB, 1901 Hot Dog is able to invest for further business expansion and it has the capability for a steady yearly growth rate of 40 per cent.

### Staying relevant

In a move to remain relevant in the food franchise business and to keep up with the influx of new players, 1901 Hot Dog has put effort into rebranding its hot dog business. In 2008, the company re-branded 1901 Hot Dog into a lifestyle and "people's" brand as part of its business expansion plan, and the company upgraded some of its pushcarts to bigger outlets such as snack cafes. Rozidar and Zakir continue to believe that they are able to



express themselves through 1901 especially when it comes to brand development. Zakir was quoted as saying that “It’s merely an expression of our own beliefs and how we want to treat others.” It is logical then that this couple has chosen to spread the values of love, peace and harmony through their new brand positioning strategy.

The re-branding strategy is timely for 1901 Hot Dog. The rise of anti-fast-food protestors throughout the globe and the perception of fast food as unhealthy have led 1901 Hot Dog to look into how it can still be relevant in presence of the “going green and healthy eating” craze among consumers throughout the world. As one tactic, 1901 Hot Dog has tried to disassociate itself from the American fast food image (with its connotation of unhealthy food choices) by engaging in various types of corporate social responsibility (CSR) activities such as community work at the old folks home, charity programmes and other community-based activities. 1901 Hot Dog feels that the image of unhealthy fast food attached to it will be eradicated when the company becomes more intensely involved with the CSR activities and therefore it justifies the re-branding of its company.

Following the global trend of going green and being environmentally friendly, 1901 Hot Dog sought assistance from one of the most reputable brand consultants, Hermawan Kartajaya of MarkPlus & Co[5], an Indonesian-based company. As a result, it has decided to adopt the color green in its logo instead of its original red, which is often associated with giant fast food chains from the US such as McDonald’s and Burger King. The management of 1901 Hot Dog feels that the new color and design of their logo and outlets convey a more exciting image, one which is brighter, fresh and fun. In a move to improve its brand image among customers, the company uses the new tagline “Food for Friendship” to represent the relationship between the company and its customers ([www.1901.com](http://www.1901.com)). “We’re a brand that works on bringing people together, respecting differences and uniting for peace,” Rozidar was heard to say when interviewed by *Borneo Bulletin* recently.

Although standardization of quality was stressed in all of their outlets, Rozidar mentioned that they do customize certain outlets to cater to different target markets. In the instance of its Kuala Lumpur City Centre branch, 1901 Hot Dog displays a more contemporary outlook with several variations in its menu, comprising some signature dishes such as pasta and coffee and also some hot dogs in the gourmet range.

In a recent move to further strengthen her hot dog business, Rozidar undertook a joint effort with AirAsia[6], Malaysia’s leading low cost carrier airline, to offer 1901 Hot Dogs on board their flights. The company initially carried out a test marketing scheme in which two types of hot dogs were available on AirAsia’s domestic, regional and international routes starting 1 December 2008. So far, according to Rozidar, the sales of the hot dogs have been very encouraging and the company is in the midst of creating signature hot dog to be served only to AirAsia’s customers. When this is done, Rozidar is confident that the hot dog sales on board AirAsia will bring in a substantial amount of revenue for the company. Rozidar feels that their association with AirAsia is like a cap to a bottle, as both companies share similar values, particularly building customer relationships, with 1901 Hot Dog’s tagline of “Food for Friendship” and AirAsia intent on spreading the love among its customers. This partnership will also allow 1901 Hot Dog to penetrate into a wider market through AirAsia passengers and will certainly create a win-win situation for these two highly-acclaimed local companies. The ability of 1901 to look into innovation seriously through research and development activities gives the company a far greater possibility of fulfilling its vision in the fast food industry while providing a health-conscious image.

## A legacy

The dynamism of 1901 Hot Dog can be seen in the attitude of Rozidar and Zakir as the founders of the company. They believe strongly in the importance of continuous improvement as an entrepreneur. They continually seek for ways to improve and be more competitive in the food franchise industry; for this couple, since the fast food franchise industry is so dynamic it is difficult for them to catch up with trends if they are not conscious

of changes that are taking place in the industry. As entrepreneurs, they regularly attend seminars to broaden their knowledge as well as share it.

Both Rozidar and Zakir hope that one day the 1901 Hot Dog franchise program will become the most successful hot dog franchisor in Malaysia as well as in the region. To fulfill their dreams, they have developed a master plan for how this can be achieved. Rozidar firmly believes that brand development is the initial critical step and with their further effort of re-branding they are moving closer to realize their dreams. Through the development of flagship outlets throughout the country, the concepts of 1901 Hot Dog can be demonstrated to interested individuals who plan to have a business of their own and wish to take advantage of 1901 Hot Dog's franchising opportunities. The final step in the plan is to bring their brand to the international market by issuing licensing rights to interested parties abroad that would like run the 1901 Hot Dog's hot dog business. If things go well, this vibrant couple would love to see the establishment of a "1901 Hot Dog Leadership Academy" which would become an avenue for training young entrepreneurs, who can then in turn contribute to nation building.

### The future

Could the joy of watching others grow successfully through her franchise programme ever come to pass? Rozidar is determined to go all out to convert her dream into reality. A sudden ringing of the phone interrupts her concentration, bringing the news that she will be signing a memorandum of understanding with Alkanaah Trading Corporation, incorporated in Saudi Arabia as a master franchise for that country. Rozidar has a big smile on her face as she listens to the conversation on the phone and learns Alkanaah plans to open 15 hot dog outlets all over Saudi Arabia within the next seven years. After a moment of silence, Rozidar is playing with her thoughts again as she envisions going into the world's smallest continent but largest island – Australia!

### Case discussion questions

1. Based on the case, identify the challenges and competitions that 1901 Hot Dog could be facing locally and internationally in line with the competitiveness of the fast food franchising business.
2. Describe the strengths of 1901 Hot Dog franchising programme as compared to other fast food franchising companies.
3. Analyse the importance of 1901 Hot Dog in carrying re-branding exercise and associating with established airlines company like AirAsia in a move to stay relevant in the industry.
4. What are the considerations that 1901 Hot Dog could have made before embarking into international business in general and specifically into the Middle-Eastern countries?
5. Briefly, evaluate whether the current business model of using franchising as the best mean to expand its market internationally. What could be the other possible alternatives 1901 Hot Dog should consider to make a presence in the foreign market?

### Notes

1. Bumiputera or Bumiputra is a Malay term widely used in Malaysia, embracing ethnic Malays, Javanese, Bugis, Minang and other indigenous ethnic groups, such as the Orang Asli in Peninsular Malaysia, and the tribal peoples in Sabah and Sarawak. The term comes from the Sanskrit word Bhumiputra, which can be translated literally as "son of earth" (bhumi= earth, putra=son).
2. *Halal* is an Arabic word meaning lawful, and refers to any things or actions permitted by the Shariah laws. It is commonly use to describe something that a Muslim is allowed to eat, drink or use.
3. Superbrand is a recognition given to a brand which has performed exceptionally well and above other brands within the respective markets.
4. Al Aaraaf International Group is a service organization based in Kuwait.

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5. Hermawan Kartajaya is the renowned Asian Marketing Guru and CEO of Mark Plus & Co, which is the first ASEAN marketing professional services firm. He is also the President of World Marketing Association.
6. AirAsia is Malaysia first low-cost airline based in Kuala Lumpur. As the largest and most successful low cost carrier in the Asian region, AirAsia operates no-frills domestic and international flights.

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