An exploratory study on the Web-based Customer Relationship Management in the Fast-food Industry in Malaysia

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Abstract. In Malaysia, most of the fast-food operators are still operating in isolated mode without proper integration of the front end-end interface and the back-end supports of their websites. This is caused by the lack of adoption on the total features of Web-based or Electronic Customer Relationship Management (E-CRM). This paper will explore perceptions of consumers on the benefits of the web-based CRM features that allow fast-food chain to enhance their customer relationship and service. Self-administered questionnaires were used to collect opinions from customers of the fast-food operators. Based on the opinions collected from the customers, suggestions have been recommended to the fast-food operators in implementing their web-based CRM. Finally, the limitations and future directions of the study were been highlighted.

Keywords: Fast-food, website, Electronic Customer Relationship Management.

1. Introduction

The fast-food industry has been established in Malaysia since the 1970's. It is still growing and posses potential to grow further in the future. This lies on their willingness and ability in adopting changes in the Information and Communication technologies (ICTs), marketing and operations. The industry players are to adopt and adapt changes to ensure sustainability and profitability.

Competition in the fast food industry is very severe and switching cost for consumers is relatively low and sometimes it is almost zero. This is because product and pricing standards are quiet similar and identical among each others. This indicates that to maintain and attract new customers in the business and industry, application of differentiation and effective customer relationship management are crucial towards the success of the fast-food business. In the fast-food industry, technology applied in the supply chain management, marketing, operation and administration are advancing, and so does customer relationship management needs further improvement in the industry. Electronic Customer Relationship Management (E-CRM) is evolving from the traditional CRM by applying CRM with the use of Internet and the Web; and delivers them electronically to the customers [1] [2].

E-CRM is an integrated approach of managing customer relationship through the component of people, technology and process in which the matching of the front-end interface with the back-end support is really crucial. An effective web site should cover 3 main E-CRM features namely informational, transactional, and relational. [3] [4] [5].

Customer management with well defined segmentation will lead to cost effective marketing efforts and increase profits. The enabling technology such as Internet and the Web is a vital tool in identifying the differences in customers' behaviour-preferences and attitude towards a company's products.

2. Fast-food operators in Malaysia

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Fast-food industry has developed in the Western countries since the early 1970's. The concept of developing fast-food is to provide portable and instant meals that can be served to customers without spending much time in waiting the food to be served and consumed. It was developed in the urban areas to target to the working parents, workers with tight schedules, rush-hour people and those who are indulge with dry meals to avoid interruption in their works.

The earliest food service establishments in the United States began as public houses in the 17th century of colonial America [6]. It highlights the availability of meals that suffice the need to eat amidst tight work schedules. The franchise operations have provided a great opportunity to globalize the industry. Fast-food restaurants offer standardized meals and price them to the customers around the world, which characterizes the menu to local culture and delights. Fast-food restaurants offer variety of choices to different customers, there are burgers, pizza, sandwiches and fried chicken with accompaniments like coleslaw, French fries, baked potatoes and etc, which become attractive to adults and also children.

Nowadays people are more health conscious and take considerations on their diets. This has lead to the development in providing information about nutritional contents that has become important reference of the fast-food consumers. The Malaysian consumers, particularly those who are ranges from 20 to 24 years old, who can afford and are willing to pay for the price for convenience, prefer semi-prepared foods and/or takeaway meals. The operations had developed from in-house dining and take away to provide delivery services with toll call, now it operates at convenience location and stores, operating 24-hours and provide drive-thru services to make it more convenient. With new services and operation in the industry, it improves their competitiveness in the industry.

Malaysia is strongly influenced by Western culture in food sector and consumers habit. Dinning outside from home is being commonly practiced by the society, as people are busy with tight schedules, the culture or practice of dining and cooking at home is reducing over the years. It is expected that the fast-food industry will experience the fastest growth of between 20% to 30% annually [7]. Although Malaysia is a relatively small country with about 23 millions population, but it is one the fastest growing economies in Asia. Hence, the market potential has lead to more outlets and branches to be opened up to serve the fast food market demands.

Mc Donalds, KFC, Burger King, Manhattan Fish Market, Dunkin' Donuts and Wendy's are among the fast-food operators in Malaysia. Also, there are A&W, 1901, Marrybrown, and Popeye's that are scattered all over the country. All these restaurants are offering burger and fries and many other related food and beverages that are "instant and fast" in nature which also complies with the "Halal" (the Islamic/Muslims food compliance) food requirements.

3. Research Method and Design

This study aims to explore the preferences and habits of consumers towards the web sites features of the fast-food operators in Malaysia. Using a convenience sampling, self-administered questionnaires were distributed to the respondents in January 2011. These respondents were drawn from the consumers in Kuala Lumpur which is the capital of Malaysia with Internet users and technology savvy populace. The total number of 120 questionnaires was given to the respondents in which 60 sets were distributed electronically via email and 60 sets were distributed to respondent physically at public places like private colleges, fast-food outlets and cafés.

We designed the questionnaire used in this study based on the research aims discussed. Questionnaire was designed with simple English and narratives are included on the E-CRM terms and features to provide better understanding to the respondents. The questionnaire consisted of two parts namely Section A and B. The first part, Section A, contained demographic information i.e. age, gender, marital status, and occupations. Section B consists of consumers' opinion about their preferences in browsing the fast-food operators' websites and their expected features of the E-CRM platforms.

Table 1 and 2 show respectively the demographic profiles and summary result of the questionnaire taken from the respondents:

Table 1: Demographic Profile

Demographic profiles	Sub-profiles	Percentages (n=120)
Age	Below 18 years	0%
	18 to 25 years	37%
	26 to 33 years	34%
	34 to 41 years	19%
	42 years and above	10%
Gender	Male	58%
	Female	42%
Marital Status	Single	66%
	Married	33%
	Others	1%
Occupation	Student	62%
	Non-executive	22%
	Executive	16%

Table 2: Summary of Responses

Questions	Responses	Percentages (n=120)
Are you an online user?	Yes	95%
	No	5%
Have you visited any fast-food operator's website before?	Yes	68%
	No	32%
If the Fast-food operators launch a membership debit card, which means you will deposit certain amount of money into the card; and making payment with the membership debit card and collect points electronically for rewards redemption, would you like to apply?	Yes	96%
	No	4%
Traditional CRM is the customer relationship management that is using mostly offline services such as letters, coupon and etc., which you are enjoying currently. If Internet and the Web will add-value to this service, making customer relationship going online (E-CRM) such as email updates, e-vouchers and etc., would you prefer the traditional CRM or E-CRM?	Traditional CRM	12%
	E-CRM platform	88%
Are you willing to pay extra charges in order to use the E-CRM features on the website as well as the membership loyalty debit card?	Yes, even it is above MYR20 annually.	2%
	Yes, only if it is between MYR5 to MYR20	22%
	No, not at any price	76%
Do you think applying E-CRM platform in fast-food industry will be able to enhance the fast-food operators' brand image?	Yes	65%
	No	35%

Indicate your level of satisfaction in the fast-food operators' pricing	Very dissatisfy	5%
	Dissatisfy	9%
	Neutral	59&
	Satisfy	19%
	Very satisfy	8%
Indicate your level of satisfaction in the fast-food operators' promotion	Very dissatisfy	11%
	Dissatisfy	19%
	Neutral	46%
	Satisfy	22%
	Very satisfy	2%
Indicate your level of satisfaction in the fast-food operators' current Customer Relationship Management	Very dissatisfy	22%
	Dissatisfy	29%
	Neutral	30%
	Satisfy	15%
	Very satisfy	4%
Indicate your level of satisfaction in the fast-food operators' variety of meals offered	Very dissatisfy	10%
	Dissatisfy	17%
	Neutral	55%
	Satisfy	14%
	Very satisfy	4%
Indicate your level of satisfaction in the fast-food operators' overall service	Very dissatisfy	16%
	Dissatisfy	32%
	Neutral	29%
	Satisfy	19%
	Very satisfy	4%
What type of website appearance in an E-CRM platform that you would prefer?	Formal/Official	38%
	Light Graphic & Simple	30%
	Flash/Animation	20%
	Colorful/Stinking	12%
You would prefer call center or online order for placing order of the fast foods?	Call Centre	24%
	Online Order	76%
What do you expect from an E-CRM platform? [Respondents are allowed to select more than one option]	Complain	100%
	Feedback	100%
	Enquiry	78%
	Survey	32%
What entertainment features you would like to have in the E-CRM website? [Respondents are allowed to select more than one option]	Game	76%
	Video	61%
	Music	74%
	Chat room	49%
	Instant Message	65%

What are the possible limitation(s) do you think that E-CRM could affect you? [Respondents are allowed to select more than one option]	Prefer face-to-face contact	25%
	Difficult to develop	20%
	Technology limitation	20%
	None	45%
	Others	0%

Most the respondents are online users that have experienced and knowledge in using Internet and the Web. The analysis shows that more than half of the respondents have experienced the current fast-food website performance, as they have visited fast-food website before. Respondents are ready and have strong acceptance towards the membership debit card and E-CRM platform, as they would like to see further improvement on the service enhancement in the customer relationship management.

However, most of the respondents are reluctant to pay extra charges in order to use the new E-CRM systems. Respondents supported the new E-CRM platform and believe that it will be able to enhance the brand image of the fast-food operators. Respondents have different perceptions and satisfaction levels towards the current fast-food industry in their pricing; promotion; customer service; variety of meals; and overall performance. Respondents have responded that they would prefer formal and official appearance in terms of website design. The analysis shows that more than half of the respondents prefer to use online order placement system rather than call-in delivery. Respondents emphasized that complaint and enquiry services must be provided through the E-CRM platform. Several entertainment features such as games, music, instant message service and video are likeable and strongly required by the respondents to be included into the new platform. Respondents are also expecting that the implementation of the new systems will not cause any major problems with the current advancement of technology.

4. Suggestions

Based on the data collected and surface analysis done, the authors are to recommend that the fast-food operators to enhance the E-CRM platform as summarized in Table 3:

Table 3: Recommendation to the Fast-food Operators

Features	Narratives
Members Login	This customized page will have records about the transaction history in which customers are able to review their loyalty points collected and make use of it for gift exchange or redeem coupons. Login members are allowed to enter the entertainment zone, which will provide games, music, video, community chat and creative contents. With these features, customers are more "connected" to the fast-food operators; the E-CRM system will collect customer online behavior data for further analysis to meet their expectation and demands.
Online Order	Online order will allow customer to select meals, drinks and provide remarks on any specific requests. Customers are allowed to make payment via credit-card, membership debit card or opt for cash on delivery. In addition, customers are able to collect loyalty points which are captured through online membership accounts. Reduce errors in teleconversation that used to occur during the call-in delivery.
Membership loyalty cards	It is a kind of membership debit card that allows customers to reload credit into the card. Then customers could make use the cards for transaction and to speed up the order placement and purchase process. This benefits online drive-thru orders, as they only need to wave their membership cards at the selected machines to make

	payment. This will bring the true meaning of "FAST" and to improve fast-food service in a much better and creative way.
Customer Feedback, Complaint, Compliment and Enquiry	The system adds values for better relationship building and communication with the customers enable the customers to make complaint, suggestion and enquiry with the system anytime anywhere. With the database captured, relationship management executives can revert to the customer feedback and make improvement on the necessary areas. Further data mining meant for analytical E-CRM is also possible with this system.

5. Conclusion

Developing an effective customer relationship via the right technological platform such as the Internet and the Web may lead to the increase of customers' satisfaction, loyalty and retention. Indeed, CRM has been regarded as one of the most crucial concept in modern marketing [8]. The successful implementations of the Web-based CRM system among the fast-food operators require the right selection of people, process, and technology [9]. With the advancement of Web 2.0, managing customer relationship requires the fast-food operators to collaborate and engage with their customers through purposeful use of the technology, such as the social media [10]. Since there any many variations of young adults preferences in making use of E-CRM, hence research on the areas to understand young adults' behavior and adoption of E-CRM particularly in the service industries are worthwhile for further research.

6. Disclaimers

All the fast-food operators' names and trademarks mentioned in this study are the properties of the respective trademark owners. The authors have neither direct nor indirect relationship with them.

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