An exploratory Study on Customer Service in Fedics Food Service KZN.

By

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CONFIDENTIALITY CLAUSE

13 February 2006

TO WHOM IT MAY CONCERN

RE: CONFIDENTIALITY CLAUSE

Due to the strategic importance of this research it would be appreciated if the contents remain confidential and not be circulated for a period of five years.

Sincerely

[Signature]
DECLARATION

This research has not been previously accepted for any degree and is not being currently submitted in candidature for any degree.

I declare that this dissertation contains my own work except where specifically acknowledged.

Signed

Date 25-04-2006

116055
There are a number of people without whom this dissertation might not have been written, and to whom I am greatly indebted. Without their time and effort, this endeavor would not have been achievable. The writing of a dissertation is a very demanding process and it is obviously not possible without the personal and practical support of numerous people. I would like to express my gratitude and thanks, to:

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  My wife, who has given me the utmost support and motivation in ensuring the completion of my studies

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  My daughter, who has been an inspiration for fresh ideas and a great source of energy in the completion of my degree

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  My son, who going through his phases, was able to advise and help during these trying stages of my life

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  My mother who has been astounded by the fact that I am able to find the time to study and broaden my horizons

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  My fellow student for her support during the last three years

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Ms Jennie Chua, President and Chief Operating Officer of Raffles International, Singapore once said that if "high-tech" represents the higher spectrum of industries in the manufacturing sector, then "high-touch" would represent the pinnacle of the service industry. "High-touch" is the art of service. It is the personal touch, the extra effort, the attention and alertness to customer needs and preferences.

Excellent service is both a skill and an attitude. Training equips our people with the know-how to provide good service. Excellent service exudes warmth and friendliness, not cold efficiency. Yet how many of our catering companies have reached that pinnacle? For our enterprises to stay productive and competitive in the midst of high business and labour cost, offering excellent service is one differentiating factor. This study was concerned with analysing the Fedics division of KZN, with special emphasis on the customer service. According to Strauss and Frost (2001), there are many trends that are apparent about individuals and businesses, which are important in developing marketing strategy that involves the catering industry. The research analyses the effects of buying behaviour and makes recommendations for the improvement of customer service, which is an important strategy for any service related organization to survive and grow.
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1.1 INTRODUCTION

Every business succeeds by satisfying the needs of its customers. Managers have therefore to refresh continually their understanding of their customers’ requirements and anticipate shifts in demand and expectations.

One thing does, however, tend to remain constant, Customers want good quality and low cost. So the managerial challenge is to deliver products and services efficiently, profitably and to high standards of quality so that the enterprise can prosper.

Of course all competitive business must also seek to continually raise their standards of customers satisfaction. The marketplace continues to widen, and in many sectors is already global, and the cost of entry to markets tends to decrease. Businesses must respond by continuously improving themselves.

These simple, even obvious, principles can be very difficult to put into practice, especially in South Africa and the matters becomes even more complicated and diluted by running too many programs all at once. We need to start to learn from the experiences of others especially from Britain, United States and France.

1.2 MOTIVATION

The most vital contributor to Continuous Improvement is the manager. All managers have to ensure that their own education and training is sufficient for the business challenges of both today and tomorrow. Relying solely on learning by experience on the job will leave too much to chance. The successful manager of the future will accept responsibility for his or her own development, and the development of their staff.
1.3 PROBLEM STATEMENT

A comparative study of the impact of good Customer Service on the sustainability of contract base will be explored in the following dissertation. There are several factors to consider, the most important being that there is no such thing as no Important Customers. One should always remember the golden rule of The Customer is King; The Customer is always right.

1.4 RESEARCH OBJECTIVES

The objective of the research report is to ascertain which is likely to be the following questions will be researched:

- How does Customer Service impact on sustainability of catering contracts
- The Dynamics of Customer Loyalty
- What strategies should the company make in order to maintain current contracts and craft winning and sustainable financial growth and profitability?

1.5 LITERATURE REVIEW

This section examines selected existing literature with regards to the problem statement: A comparative study of the impact of good Customer Service on the sustainability of contract base will be explored in the following dissertation. There are several factors to consider, the most important being that there is no such thing as no Important Customers. One should always remember the golden rule of The Customer is King; The Customer is always right.

1.6 IMPORTANCE AND BENEFITS OF STUDY

There are numerous benefits from researching the problem statement that can be beneficial to small private companies as well as large corporates. The cost of Poor customer service can be very harmful. The study will attempt to identify the importance
of Customer service in the contract catering industry for the sustainability of long-term business. The cost of poor customer service can be harmful to the industry and could harm the private catering companies in their growth and profitability.

Upon the completion of the dissertation, it is hoped that adequate information regarding the problem statement is gathered to make meaningful recommendations as a way forward towards fulfilling the objectives of the company.

1.7 RESEARCH DESIGN

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Table 1.1 Research Design

➢ Formal study
The dissertation will be a formal study that involves the precise procedures and data source specifications and its goal is to examine the problem statement and to answer the research questions posed.
- **Interrogation/communication study**
  Various people will be questioned and their responses will be collected by personal or impersonal means. The data collected may be the result from interview or telephone conversations and by using questionnaires.

- **Ex post facto**
  There will be no control over the people to be interviewed, therefore eliminating any form of influence in their decisions hence removing any form of biasness.

- **Descriptive and casual study**
  At the outset, the dissertation will be a descriptive study, although subsequent studies might be casual.

- **Cross-section study**
  The following dissertation will be a snapshot of one point in time. Hence all conclusions will be made at the time the dissertation was conducted.

- **Statistical studies**
  The dissertation will attempt to capture the population’s characteristics by making inferences from the sample characteristics. Generalisations about findings will be presented based on the representatives of the sample and the validity of the design.

- **Field conditions**
  The research will be conducted under the actual environment and the conclusions will be made thereof.

- **Actual routine**
  People will be aware of the research to be conducted.
1.8 RESEARCH METHODOLOGY

1.8.1 Data collection methods

A literature search, questionnaires and interviews will be used in the study to examine the problem statement and to achieve the research objectives. While conducting personal interviews the researcher will eliminate any form of bias presented by the respondent. Exploring secondary data (both external and internal) will provide valuable information in understanding the research dilemma. Information needed for the research study will also be analysed from various primary, secondary and tertiary sources available.

1.8.2 Questionnaire design

The questionnaires will be dispensed to current customers and previous customers of Fedics KZN. The questions will consist of dichotomous questions (yes or no type) and free response questions (also known as open-ended questions that allow the respondent to state their opinions in their own words). The received responses will be translated and measured using nominal and ratio data scales.

1.8.3 Pilot testing

A pilot test of approximately 5 people will be performed to provide proxy data for selection of a probability sample. A pilot test will be conducted to identify any limitations in sample design, instrumentation or procedures. In the event of the pilot testing displaying any imperfections, pre testing will be performed to improve the questions, procedures or instruments used.

1.8.4 Sampling characteristics

The basic idea behind choosing sampling is that by selecting a group of people in the population, the researcher may be able to draw conclusions about the entire population.
Sampling is very advantageous to the dissertation because it reduces the cost of research, displays greater accuracy of results, data collection methods are faster and the availability of population elements. The success of the sample depends on its accuracy (the degree to which little or no bias is present in the sample) and precision (a sample in which sampling error is minimal in the study). A combination of probability (sample elements are drawn randomly for the population) and non-probability sample (sample elements is drawn individually from the population) will be used to conduct this research. Probability and non-probability sampling both have their advantages and disadvantages, but were methods chosen in order to ascertain greater accuracy and precision in this dissertation.

1.8.5 Analysis and interpretation of data

Data will be collected and edited to detect errors and omissions that would otherwise compromise the quality of the dissertation. Coding in the form of assigning numbers and symbols will be utilised to classify the data received from the respondents into categories. Tables, graphs, charts and other statistical tools will be incorporated into the dissertation to present the finding of the research. In order to test the hypothesis and define the problem statement, classical statistics (conclusions regarding the population are drawn based on the evidence from the sample) and the Bayesian approach (additional prior information available) will be used. Data from the survey instruments will be analysed using a parametric tests.

1.8.6 Limitations

- The recommendations, conclusion and research report is presented from information gathered up to December 2004.
- The recommendations, conclusion and research report may not be applicable or relevant in the future as social, economical and financial factors would change.
- The dissertation is limited to mainly the Fedics KZN.
There are some difficulties in accessing previous clients premises. The main problem is getting the client to agreeing opposition caterers to conduct research on their premises, however this was overcome by ensuring communication had taken place with the role players, e.g. the unions.

1.8.7 Ethical considerations

The dissertation was conducted with the researcher exercising the highest ethical standards required by an MBA student. The anonymity of the respondents was preserved and credits were given by way of references to parts of the dissertation that was not the researchers own work. The interviews and questionnaires were carried out to ensure that no one was harmed or suffered adverse effects from the research activities. The researcher has not in any way compromised the standard or quality of the given dissertation.

1.9 STRUCTURE OF THE DISSERTATION

➢ Chapter 1: Introduction

Chapter one is the introduction to the entire dissertation and introduces the reader to the problem statement and research objectives of the study. It also provides a brief overview to the background, motivation and benefit of the study and briefly states the research methodology to be adopted. The limitations and ethical consideration of the study will also be stated.

➢ Chapter 2: Literature Review

Chapter two is generally a literature search of relevant consumer behaviour studies, importance of marketing in consumer behaviour and consumer decision processes and problem recognition. Trends in consumer behaviour and benefits of good customer service will be analysed.
Chapter 3: Fedics Food Service-KZN Analysis

Chapter three deals with the core of the dissertation and provides significant information on the background to Fedics as well as the growth of the company with clear notations of its operation strategies.

Chapter 4: Research Methodology and analysis of findings

Chapter four covers the aspect of the research methodology adopted and will discuss and analyse the results of the findings. This dissertation is largely a descriptive study; therefore the perceptions and opinions are purely that.

Chapter 5: Recommendations and Conclusion

Chapter five entails drawing conclusions from the study and making valuable recommendations regarding the problem statement and research objectives.

1.10 SUMMARY

As stated earlier, there are many articles published pertaining to this subject and a few companies have also attempted some research, however to the best knowledge of the researcher there are no published works relating to this topic. The researcher hopes that this dissertation will not only be used as a medium to obtain an MBA Degree, but will also present good reading and provide useful information to all people interested in making successful choices on Customers Retention and Good Customer Service practices. The next chapter will entail reviewing literature to look at the trends in consumer behaviour through to consumer decision-making processed and the benefits of good customer service.
CHAPTER 2 – LITERATURE REVIEW

2.1 INTRODUCTION

In an article on Customer Service published on (Internet 1), Customer Experience is the next competitive battleground. It is no longer sustainable to just differentiate on the physical aspects of the Customer Experience, such as price, quality and delivery, but the customer value derived from the benefits of a total product compared against all the costs to acquiring the benefits will ensure the survival in a competitive environment.

When people decide on price, profitability can be affected. Most companies appear to be running just to stand still. Unfortunately, poor customer experiences are more common than good ones. The time from innovation to imitation is reducing to a matter of weeks being forced by globalization, technology and competition. Hence a new differentiator has to be found not forgetting that the basics in terms the Marketing Mix, trends, etc have to be in place.

This chapter begins with trends of consumer behavior followed by the important social trends and social values that are apparent in individuals and businesses. Furthermore, benefits and disadvantages of poor customer service are discussed. The chapter is concluded with the process on consumer decision and the factors influencing it.

2.2 TRENDS OF CONSUMER BEHAVIOR

According to Hoyer and Macinnis (2000), Customer service is the set of behaviors that a business undertakes during its interaction with its customers. It can also refer to a specific person or desk, which is set up to provide general assistance to customers.

In Service America, Karl Albrecht and Ron Zemka wrote that we live in a service economy where organizations must perform as well as produce, and physical products are distinguished by the quality of the service that go with them. Management gurus started to talk about the customer driven business, and they argued that the "Customer is King".
Jan Carlzon of Scandinavian Airlines claimed that he had transformed his business by paying attention to what he called Moments of Truth, where the subjective and fragmentary experience of customers on the phone or speaking to front-line staff led them to form firm judgments – good and bad – about that company.

The objective of the research report is to ascertain which is likely to be the following questions will be researched:

- How does Customer Service impact on sustainability of catering contracts
- The Dynamics of Customer Loyalty
- What strategies should the company make in order to maintain current contracts and craft winning and sustainable growth and profitability?

2.3 Important Social Trends and Social Values

According to Strauss and Frost (2001), there are many trends that are apparent about individuals and businesses, which are important in developing marketing strategy that involves the catering industry.

2.3.1 Value

Value is critical to the customer. Existing and prospective customers are only a phone call away from competitors if product bundle offerings are not adequate. Part of value is to exceed customer expectations when using products or delivering service.

2.3.2 Price

Price remains the most important factor for only some customers. A fair amount of customers will pay premium to buy from other companies with which they have had good experiences or have good perceptions of and also one with a brand name they trust.

2.3.3 Customisation
Customisation adds value. For example, some catering companies create catering forums and allow the engineering of menus and customisation of recipes by clientele, which allows for preferred choices and catering to the needs.

2.3.4 Speed

Speed is imperative. Customers want fast service as owing to a big drive on productivity and shorter working weeks by big industrials, customers do not want to spend half their break times in long queues and have limited time for their refresher break.

2.3.5 Convenience

Convenience is crucial for busy people. Providing for example a ready prepared meal ‘take me home’ concept for the busy parents is convenient. Ensuring the availability of the daily essential goods such as the newspaper, bread and milk at the end of shift allows for the customer to shop on their way out from work.

2.3.6 Access to Websites

Web sites need to be easy to use. Customers must be able to access the catering web site for ease of viewing the catering offerings and menus and not go through complex instructions.

2.3.7 Self Service

Self Service save the customers time. Customers must be able to choose their items which are clearly priced and well displayed, and make their way to the till points with ease.
Consumer comments via a communication book or the e-mail must be answered. Management must follow on the Customer Comments book or e-mail communication with prompt responses.

Consumers are individuals that have their own sets of personalities, attitudes, values, traditions, ideas etc that guide and impact on their decision-making processes. All these trends point to the power of the customer who can vote the caterer off site should the deliverance of the offerings not be acceptable or erratic.

Consumer behaviour shows how individuals select, buy or make purchase decisions to satisfy their needs, desires or wants. Consumers are very sensitive to various factors and can respond positively or negatively to changes in their personal lives, market place and various other factors. There are numerous market and other stimuli that can affect and alter the buyer’s characteristics and hence change the buyer’s final decision.

2.4 IMPORTANCE OF MARKETING IN CONSUMER BEHAVIOUR

According to Hoyer (2000) the consumer’s cultural, social and environmental exposure plays a pivotal role in how consumers decide upon their purchase decisions. In marketing, it is imperative to ascertain how the product or offering is perceived by different market segments in order for marketers to formulate appropriate marketing strategies. The consumer’s values, needs and expectations form the basis of such marketing strategies, and hence impact on the marketing tools implemented by the marketer. The cultural and social variables affecting consumer behaviour will be explained in the present chapter; however, environmental factors cannot be ignored as these factors form a major contribution in the consumer decision-making process. Marketing is about meeting people’s needs and expectations, and therefore the study of consumer behaviour and their needs is crucial to the study of marketing. Marketing strategy is about determining, identifying and selecting a target market for product...
offerings and services that will satisfy the needs, wants and expectations of the consumer. The marketing strategy implemented by the marketer will incorporate the following marketing mixes depending upon the product or service offering:

2.4.1 Product

Kotler (1997) defines a product as anything that can be offered to a market to satisfy a want or a need. Products include physical goods such as meals and cool-drinks, services such as provision of Tea and Coffee items, recommendations for Functions Menus and settings, continuous improvement ideas on latest technology for point of sale systems and proposals for upgrade of catering facility to keep up with latest trends. The large catering companies offer all these ideas.

Marketing literature, for example Kotler and Armstrong (2004) advocate that the product is a key element in the market element. Therefore planning the marketing mix begins with formulating an offering that brings value to target customers and satisfies their needs. The offerings become the basis upon which the company builds profitable relationships with their customers.

In an ever-competitive marketplace, companies are moving to a new level in creating value for their customers. According to Kotler and Armstrong (2004), to differentiate their offers, companies are delivering total customer experiences. Whereas products are tangible and services are intangible, experiences are memorable. Whereas products and services are external, experiences are internal. This means that experiences are personal and take place in the minds of the individual customer. Companies that market experiences realise that the customers are buying more than just the superficial product or service; they are buying what the offers will do for them (Kotler and Armstrong, 2004).

The next section examines Price, which is the second element of the marketing mix.
2.4.2 Price

Kotler and Armstrong (2004:345) define price, as “the amount of money charged for goods or services. More broadly explained, they state that price is the sum of all values that customers exchange for the benefits of having used the product or service”.

Price is the only element in the marketing mix that produces revenue (Kotler, 1997). The other elements, namely product, place and promotion, produce costs. Price is also “one of the most flexible elements in the marketing mix because it can be changed quickly, unlike product features and channel commitments: (Kotler, 1997:494)

It is common knowledge that prices sell products. Price however also creates an image of the product in a customer’s mind; if the price is perceived to be to low, inference is drawn to possible sub-standard quality; if the price is perceived to be too high in relation to value obtained, customers will look to other brands. This correlation of price to quality and perceived value is the equation that marketers have to solve when looking at the pricing strategy of their product(s).

When setting a price on a range for your products, it needs to be ensured that overheads can recouped, compete with rival companies and charge a price your customers are willing to pay. Adjusting the pricing policy could achieve this as follows: -

2.4.2.1 Loss Leader Pricing

This involves lowering prices on a number of key products in order to attract a customer to purchase the products. Customers obviously like a bargain and like may be attracted to buy this item even if they had never considered purchasing this item before. Price reductions could be used to entice customers to look at your other products, and any profit lost might well be made up should the customer be persuaded to shop around and purchase other produces not reduced in price. Loss leader pricing might be used to sell off or stimulate interest in products considered to be in the maturity or decline stage of their life cycle.
2.4.2.2 Penetration Pricing

According to an article published on website, (Internet 2), this type of pricing is used for products identified as being in the "introductory" stage of the product life cycle to enable the product to get a foothold in the market. Prices are artificially reduced to attract the largest possible audience. It is often used to prevent or discourage competitors from capturing the market and used for products that are mass-produced.

2.4.2.3 Price Skimming

Where Penetration Pricing keeps the pricing below the real market price, price skimming raises the price artificially to enable it to quickly recoup costs and for immediate profit. This type of pricing structure works very well for products that are in demand or where there are few competitors - electronic equipment for example. Caution has to be used when employing this strategy as competitors may well take advantage of these high prices and enter the market quickly with a realistic price thus stealing the market. Again this type of pricing strategy might be used when the product is in its growth stage in the product life cycle as demand is high and sales are high.

2.4.2.4 Differential Pricing

This involves allowing the same product to be priced differently; this can be justified when the product is sold in areas with differing economic climates, when sold through differing distribution channels, to appeal to a different market segment. For example, you could also decide to charge more for meal prices in Gauteng than you would in KwaZulu Natal simply because the economy is more vibrant in Gauteng than down at the coast.

2.4.3 Place

Place according to Kotler, (2000:190), refers to the means by which your customer acquires your product. This includes the actual place it is purchased (the shop, the telephone, the web page, the warehouse) as well as the actual route of distribution. Most
consumer goods are purchased from a retailer, who purchases them from a wholesaler/distributor, who purchase them from the manufacture. If the goods were imported there might be more merchants in this distribution chain. Sometimes, this distribution chain can be bypassed or leapt over. In the security industry, some manufacturers of security systems sell their product directly to end users at the same time as selling them to security installation companies at the same time as selling them to national distributors. The point is that these different distribution channels can provide different levels of profitability and they can quite happily run alongside each other provided a well thought through pricing strategy has been decided upon. The complication to this approach however is that you need to consider the fact that your 'customer' might be a consumer, a retailer or a distributor and that each of these customers will be looking for perhaps different features or different levels of service.

For example a consumer is likely to want only one variant of your product and expect to purchase it immediately. A retailer is likely to want limited stock of a number of variants and not expect to pay for 60 days. A distributor is looking at large volumes of product in all its variants at greatly discounted rates. Your distribution policy needs to take account of these variables. If it does not, then you will find yourself in a very embarrassing position with a customer sooner or later which would result in the loss of a sale.

2.4.4 Promotion

Bob Lauterborn (1990) advocates that the fourth part of the marketing mix refers to process of informing your customers of your company's products.

To make customers aware that your products exist, there are a number of methods you may choose to use, they include:

- Media Advertising (television, magazines, Internet, radio)
- Personal selling (involving a sales person)
- Non-personal communication (persuasion advertising - competitions, free samples
- Other promotional types include public relation exercises and free publicity.
Promotion needs to be carefully planned, and it is usual to decide on a new promotional plan each year. There should be one main objective to the promotion campaign and that particular emphasis should be projected during a certain time to a certain market segment.

- Using market research establishes who are the best market segments to aim your campaign towards. The message of your campaign must be focused towards the market segment and it must relate to the promotional objectives. Time your promotion, when and where is the optimum impact likely to be. Which promotional technique you decide to employ must have a bearing on how best you can reach this segment and which technique would best put your message across favorably.

It is worth noting that the higher the profile the more expensive your advert becomes. Television is the most costly and can cost thousands of pounds for only a few minutes, Radio and newspapers are cheaper ways to advertise and the local newspaper is even cheaper still.

Whatever media is chosen it must be remembered that it will have the right impact on the customers you are aiming at. Conduct plenty of research; ask:

- Where do my customers "hang-out"?
- What would attract their attention?

If these questions are answered an idea will be developed on what type of promotion would be the most effective. A bad decision could cost a lot of money with poor results.

In concluding the marketing mix, there are the C's developed by Bob Lauterborn and put forward by Philip Kotler:

- **Place** becomes **Convenience**
- **Price** becomes **Cost to the user**
- **Promotion** becomes **Communication**
- **Product** becomes **Customer needs and wants**
These C's reflect a more client-oriented marketing philosophy. They provide useful reminders - for example that you need to bear in mind the convenience of the client when deciding where to offer a service. Some would argue that the marketing mix is too product-oriented, and that modern marketing should not focus on it. However, it does provide a handy framework for marketing analysis.

2.5 CONSUMER DECISION PROCESS

According to Hawkins, Best and Coney (1995), the consumer decision process intervenes between the market strategy and the outcomes. That is, the outcomes of the company’s marketing strategy are determined by its interaction with the consumer decision process. The company can succeed only if the consumers see a need which your product can solve, become aware of your product and its capabilities, decide that it is best available solution, proceed to buy it, and become satisfied with the results of the purchase.

2.5.1 Outcomes

➤ Brand Image

The most common outcome of a marketing strategy is an image of the product or brand in the consumer’s mind. The image consists of a set of beliefs, pictorial representations, and feelings about the product or brand. It does not require purchase or use if it to develop. It is determined by communications about the brand as well as by direct experience with it. Most marketers specify the image they want their brands to have and measure these images on an ongoing basis. This is because a brand whose image matches the desired brand image of a target market is likely to be purchased when a need for that product arises.

➤ Sales

Sales are critical outcome as they produce the revenue necessary for the company to continue in business. Therefore virtually all companies evaluate the success of their
marketing programs in terms of sales. As we have seen, sales are likely to occur only if the initial consumer analysis was correct and if the marketing mix matches the consumer decision process.

➢ Customer Satisfaction

Marketers have discovered that it is more profitable to maintain existing customers than to replace them with new customers. Retaining current customers requires that they be satisfied with their purchase and the use of the product.

Figure 2.1  Creating Satisfied Customers

Source: Adapted from Hawkins, Best, Coney, Consumer Behaviour, and Implications For Marketing Strategy, 1995. p20

In the above figure, convincing consumers that your brand offers superior value (relative to the competition) is necessary in order to make the initial sale. Obviously, one must have a thorough understanding of the potential consumers’ needs and of their information acquisition processes to succeed at this task. However, creating satisfied customers, and thus future sales, requires that customers continue to believe that your brand offers superior value after they have used it. That is, you must deliver as much or more value than your customers initially expected, which therefore requires an even greater understanding of consumer behaviour.
2.5.2 Factors that Determine and Influence Consumer Lifestyle

As illustrated above, basic factors influence consumer lifestyle: marketing activities, reference groups, social status, demographics, values, culture, learning, perception, motives, personality and emotions. Information processing links the influences to consumers. Culture is that complex whole which includes knowledge, belief, art, law, moral, customs, and any other capabilities and habits acquired by humans as members of society. Firstly culture is a comprehensive concept, which includes almost everything that influences an individual’s thought process and behaviour. Secondly, culture is acquired and does not include inherited responses and predispositions. Thirdly culture supplies boundaries within which most individuals think and act and lastly, the nature of cultural influences is such that we are not aware of them. One behaves, thinks and feels in a manner consistent with other members of the same culture because it seems natural or right to do so.
Abraham Maslow’s (1954) theory sought to explain why people are driven by particular needs at particular times, and stated that people would meet these needs in a specific order of importance. Maslow’s hierarchy of needs theory is intended to show the relative importance of each need at any given point, rather than to show life’s progression. According to Abraham Maslow, needs are satisfied in ascending order of importance, from physiological needs being the most basic to self-actualization needs being the ultimate need to satisfy. As a person satisfies a preliminary need, a need on a higher level then takes precedence.

The diagram below shows the human needs in order of their importance.

![Maslow's Hierarchy of Needs](image)

**Figure 2.3 Maslow’s Hierarchy of Needs**

Source: Adapted from Abraham Maslow, and Personality, New York, Harper and Row, 1954
2.6 THE DECISION-MAKING PROCESS AND PROBLEM RECOGNITION

The term consumer decision, Hawkins and Coney (1995), produces an image of an individual carefully evaluating the attributes of a set of products, brands, or services and rationally selecting the one that solves a clearly recognized need for the least cost. It follows a rational, functional connotation. While consumers do make many decisions in this manner many others involve little conscious effort. Further, many consumers decisions focus not on brand attributes, but rather on feelings or emotions associated with acquiring or using the brand or with the environment in which the product is purchased or used. Thus, a brand may be selected not because of an attribute (price, style, functional characteristics) but because "it make me feel good" or "My friends will like it".

While purchases and related consumption behaviour driven by emotional or environmental needs have characteristics distinct from the traditional attribute-based model, it is believed that the decision process model provides useful insights into all types of consumer purchases.

As the figure below indicates, there are various types of consumer decision processes. As the consumer moves from a very low level of involvement with the purchase situation to a high level of involvement, decision-making becomes increasingly complex. While purchase involvement is a continuum, it is useful to consider habitual, limited, and extended decision making as general description of the types of processes that occur along various points on the continuum.
Low purchase involvement

Habitual decision making

Problem recognition
Selective

Information Search
Limited Internal

Purchase

Post purchase
No dissonance
Very limited evaluation

limited decision-making

Problem recognition
Generic

Information Search
External Limited Internal

Purchase

Post purchase
No dissonance Limited evaluation

High purchase involvement

Extended decision making

Problem recognition
Generic

Information Search
External Internal

Purchase

Post purchase
Dissonance Complex evaluation

Alternative evaluation
Few attributes Simple decision rules Few alternatives

Alternative evaluation
Many attributes Complex decision rules Many alternatives

Figure 2.4 Consumer Decision Process
2.6.1 Involvement and Types of Decision Making

Consumer decision-making, according to Hawkins, Best, and Coney (1995), becomes more extensive and complex as purchase involvement increases. The lowest level of purchase involvement is represented by habitual decisions: a problem is recognised, long term memory provides a single preferred brand, that brand is purchased, and only limited post-purchase evaluation occurs. As ones moves from limited evaluation becomes more extensive and complex, and post-purchase evaluation becomes more thorough. Problem recognition involves the existence of a discrepancy between the consumers desired state (what the consumer would like) and the actual state (what the consumer perceives as already existing). Both the desired state and the actual state are influenced by the consumer’s lifestyle and current situation. If the discrepancy between these two states is sufficiently large and important, the consumer will begin to search for a solution to the problem.

A number of factors as per Hawkins, Best and Coney (1995), can affect problem recognition. The desired state is commonly influenced by:

<table>
<thead>
<tr>
<th>Desired State Influences</th>
<th>Actual State Influences</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culture</td>
<td>Normal depletion</td>
</tr>
<tr>
<td>Social Status</td>
<td></td>
</tr>
<tr>
<td>Reference groups</td>
<td>Individual development</td>
</tr>
<tr>
<td>Household characteristics</td>
<td>Government / Consumer Groups</td>
</tr>
<tr>
<td>Financial status/expectations</td>
<td>Availability of Products</td>
</tr>
<tr>
<td>Previous decisions</td>
<td>Past decisions</td>
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<tr>
<td>Individual development</td>
<td>Product / Brand Development</td>
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<tr>
<td>Motives</td>
<td>Emotions</td>
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<tr>
<td>Current situations</td>
<td>Current Situations</td>
</tr>
</tbody>
</table>

Table 2.1 Factors affecting Problem Recognition
Once the awareness of problem recognition patterns arises amongst the target market, designing the marketing mix to solve the recognized problem is a suitable reaction. This may involve product development or repositioning, a change in store hours, a different price, or a host of other marketing strategies.

It is common practice to influence problem recognition rather than react to it. This may entail generation of generic problem recognition, a discrepancy, which is a variety of brands within a product category, can reduce, or to induce selective problem recognition, a discrepancy which only one brand in the product category can solve.

Attempts to activate problem recognition generally do so by focusing on the desired state. However, attempts to make consumers aware of negative aspects of the existing state are also common. In addition, attempts to influence the timing of problem recognition by making consumers aware of potential problems before they arise, is also tactical. Finally, suppression of problem recognition by current users of the brands or the minimization of it is a common practice, a typical example being the Tobacco industry in their advertisement of their products with current government legislation laws.

2.7 BENEFITS OF GOOD CUSTOMER SERVICE

Delivering customer service, as per Blythe (1997), is an important strategy of any organization in South Africa to survive and grow. It is seen as a method that can be used to differentiate your organization from the competition, as well as being perceived as an important tool to improve customer retention and increase brand loyalty. Customer service is directly related to the marketing concept, which is the cornerstone of marketing. The focus of the marketing concept is on the way in which the organization interacts with its customers. The marketing concept states that the organization must
Customer service can be described as the totality of what the organization does to add to its products and services in the eyes of the customer, essentially anything that the organization can do to enhance the customer experience. There has been a shift in the perception of customer service on an organization, whereby as opposed to leaving the customer service in the domain of the sales person directly in contact with the customer, this has shifted to the realization that every person’s activities in the organization must strive towards increased customer service.

**Customer Value**

Alderson (1965) advocated that all customers want to buy a product or service of value. Value to the customer is the difference between the worth that he or she gets from using the product and the cost of acquiring the product. In most cases the customers feels that he or she gets value when a product is bought at a bargain price, or if additional services are obtained. This can be summarized as customer value equals the customer perceived benefits minus the customer perceived price, thus the higher the perceived benefit and the lower the price of the product or service, the higher the customer value and the greater the chance the customer, and keep choosing the product and service in future.

**Quality**

According to Doyle (2002), quality can be described as the measurement of how the product or service of the organization conforms to the customer’s wants and expectations, hence Quality is the ability of the organization to meet or exceed the customer expectations. In evaluation quality, there are four possible outcomes:

- Over-quality is the situation where the customer realizes that more is delivered than is economically justified
- Positively confirmed quality is the situation where a little more is delivered than the customer expected. This situation is also called ‘customer excite and
delight’ and makes the customer feel positive about continuing the relationship with the organization. This also leads to good word of mouth communication about the organization’s products and services.

- Conformed quality is the minimum quality that the customer will accept, and which does not necessarily make the customer feel that he or she must continue the relationship with the organization.

- Negative confirmed quality is bad quality experienced by the customer, which will result in the customer breaking the relationship with the organization and spreading the negative word of mouth communications about it.

Quality is obviously situation or organization specific, thus the benchmark which represents high quality today may not be perceived as such in a few months time, hence the need for change and the maintenance of the ‘customer excite and delight’.

Customer Satisfaction

The ultimate aim is to ensure the customer that purchases its products or service is satisfied. Customer satisfaction can be described as the degree to which an organization’s product or service performance matches or exceeds the expectations of the customer. There is consensus in the world that when customers are satisfied, they have a higher propensity to be loyal. It is then very important to ensure that an organization must strive to ensure everything possible is done to provide customer satisfaction.

Building long term relationship will inevitable lead to creation of an environment of customer loyalty, hence the realization that an organization’s objective of achieving increased bottom line.

Thus the organization must ensure that the product or service used by the customer is up to the required standard, and that there is a continued quest to improve the quality. If this is combined with effective customer contact management- where everything is done to ensure that the customer is satisfied whenever there is contact- then, hopefully the customer will have maximum customer satisfaction. This will ensure that the customer will re-order, use word of mouth to recommend products/service, and buy of the other
products being sold by the organization. All of these have a positive effect of the organization.

➤ Excite and Delight Concept

The whole market is changing, as people become more affluent and more demanding in the products and services that they are buying. As a service organization it is needed to step beyond just providing a transaction to meet peoples requirements, it’s now about entertaining people, taking them through an experience which emotionally gets them to create a relationship with an organization to generate loyalty. Overall, customer satisfaction will improve the reduction of customer churn and that will go straight to the bottom line profitability.

Some of the more successful companies achieve their success through surprising and delighting their customers by adding value and providing benefits in the offering that go beyond satisfying the customer, that is by providing an augmented product Kotler, (1999).

➤ Damage Control

Turning complaints into devotion can be a great opportunity for a firm to learn from its customers. Learning from these complaints, appeasing the situation, and doing so quickly should help protect the customer relationship. It is prudent to have a strong internal system for handling complaints so that upset customers don’t voice their dismay in a much broader forum.

Remember that it costs less to keep a customer than it does to replace one. Although only 15-20% of complaints are voiced directly to the company, if these complaints are not resolved to the satisfaction of the customer, significant damage is inflicted on the company’s brand name and the balance sheet. Identifying, acting, and following up on
customers complaints will help a company to turn disgruntled customers into devoted ones.

2.8 SUMMARY

In the past, the emphasis of companies were largely on improving the quality of food, other aspects such as service excellence, product and concept innovation and utilization of technology to streamline operations have often received less attention. Yet, the Food and Beverage scene is fast changing. Consumers today have become more sophisticated and their demands are also significantly higher. Quality food, excellent service and a comfortable ambience add to creating a complete dining experience.

When you walk down the street, the signs of market commoditization are all around. Everyone is discounting, dropping their prices on near identical goods and services. Plus, competition is fierce, and costs, for many they are rising too.

Commercial pressures today are prompting the way we do business for tomorrow. This Chapter has investigated the ways catering through the ages evolved. Trends of Consumer behavior were discussed.

Furthermore, the importance of marketing in consumer behavior was explored, utilizing the marketing mix.

This was followed by an analysis of the consumer decision processes incorporating the outcomes and factors that determined and influenced consumer lifestyle. Problem recognition in the decision making process provided some useful insights into habitual, limited and extended decision-making involvements.

Finally, the benefits of good customer service were discussed, outlining customer value, quality and customer satisfaction.
The following chapter analyses the company: Fedics KZN, using Professor Michael Porters SWOT analysis in conjunction with other tools for audit and analysis, i.e. PEST analysis and Porters Five Forces. The value chain analysis, which describes the activities that take place in a business and relates them to analysis of the competitive strength of the business, is also conducted to obtain an understanding of the company.
CHAPTER THREE – ANALYSIS OF FEDICS-KZN

3.1 INTRODUCTION

Catering is almost as old as the history of man. Living, or rather, existing in primitive circumstances, man would look after his basic carnivorous food intake by hunting—the bow and arrow being his first and most effective kitchen tool for slaughtering whatever came within range. In the absence of prey, vegetarianism was the only alternative for survival.

Catering, albeit in smaller quantities than we are used to today, came in with the development of large families, communities of families, tribes and societies, in which men were allotted the task of hunting for prey—perhaps even cooking it over the most basic cooking device, the fire—while the woman would see to other chores. These were times when the physically strong could demand the best cut and the biggest portion; the rest had to make do with leftovers. Little attention was given to the needs of the masses that, despite slave-like contributions to the formation of the empires, generally lived on the fringes of starvation. Things have changed since then, but at a slow rate until a century ago. Among the first people to realize there was a connection between food and work performance were the Egyptian pyramid builders. According to ancient reports, slaves were fed large quantities of garlic, in the belief that it would enable them to cut, move and place the monumental stone blocks faster than was otherwise possible. Another reference from Biblical times is the provision of manna from heaven to aid Moses and his followers to reach the Promised Land.

Jumping quite a few centuries into medieval times, when garlic was considered to be more of an aphrodisiac than a general labor tonic, one sees the development of a more responsible relationship—on the catering base—between the rich and the not so rich. In fact, the history of industrial feeding could go back to feudal England, where the royal or baronial kitchen and dining hall bore many similarities to modern catering units. This was the time when kings and the barons of Norman descent who established themselves
as the entrepreneurs of society, indulged in mass catering to generate and preserve status and goodwill through excellent cuisine.

With factories growing from these domestic, landlord systems, craft guilds were established placing catering, as well as the responsibility for bed, board and the general behavior of journeyman and apprentices, directly in the court of master craftsman. Those who employed them paid factory workers as well as farmhands in food. Thus was born the guild feast of the Middle Ages, catering feasts, which became so expensive that guilds eventually bankrupted themselves. Wealthy factory owners took over and began to introduce money as well as food as part payment for work done.

The appalling labor conditions of the 19th century have been the subject of many novels and film. In the first half of the 19th century, the main diet of the working class in manufacturing towns consisted of tea, bread, butter and potatoes. Schools provided stodgy inadequate diets; the services fed soldiers and sailors poorly, and the workhouses gave their inmates disgusting food.

It was only halfway through the 19th century that firms began to develop welfare policies. Following the example of Quaker Owen, Cadbury, Fry, Rowntree, Lever Brothers and Colmans, began to run catering services and as the 20th century dawned eating places were becoming well appointed, clean and well lit, with reasonably priced food.

In Britain, legislation was introduced soon after World War 2 compelling every factory with more than 250 employees to provide a dining room. By 1943, nearly 12000 factory canteens had been established in the UK. Food quality, services and cooking technology in the post-war situation have been improved considerably in countries such as UK and the USA and many of their western trading partners. Apart from improved standards in canteen catering itself, it has also prompted an expansion of subsidiary catering activities—such as independent fast food catering services and vending.
The local catering industry has incorporated many of these foreign innovations and is virtually on par with the kind of services and technologies operating in the UK. Not bad for a country that was established (initially as a fresh produce replenishment station on a major sea route) just over 315 years ago.

The trend whereby professional caterers penetrate the in-house catering markets are increasing for reasons that are not only economic, but also aim for better food quality. Despite the dwindling numbers in the manufacturing industry and even closures of factories, there still remains untapped business in government departments.

3.2 OVERVIEW OF THE GROUP

Tsebo Outsourcing Group is South Africa’s leading black-owned hospitality services and facilities management company with three primary operating divisions, Fedics (Pty) Ltd, Drake & Scull FM (SA) and Invalu (Pty) Ltd.

Fedics, the catering division, provides a range of multi-services that complement its core business of outsourced catering. Clients range from corporations to educational and healthcare institutions, industrial, construction, mining and remote sites. The company prides itself on its unique ability to provide a specialized service to each of its clients, despite the diversity of the industries in which Fedics caters. In fact, Fedics now operates 11 niche brands, each of which caters for the specific needs of each of the different industries. Auxiliary services include providing cleaning, hygiene services whilst managing other services such as gardening, pest control, laundry and housekeeping.

Drake & Scull FM (SA) is a leading provider of integrated facilities management services to the corporate and government sector in South Africa. Services include managing the infrastructure support services such as maintenance, cleaning, security and related services. The company also provides support services within an overall facilities management contract. It operates over 500 sites nationally, which include projects in the leisure, retail, commercial and industrial sectors. Significantly, it is the first facilities management company in South Africa to be ISO9001 accredited.
Invalu, a new division within the Group launched in May 2004, is a dedicated supply chain service provider focusing on the procurement of Food & Beverage (F&B) commodities: Maintenance, Repair & Other (MRO) products, and Business Support Services & Products (BSS&P). Through the leveraging of existing volumes, professional supply chain expertise and systems infrastructure, Invalu provides a comprehensive procurement solution on a value share basis for companies within the manufacturing, mining, commercial, service, hospitality or retail sectors, who demand or procure any of the above commodity groups.

Established as The Fedics Group in 1971, the company has grown from a small contract catering business into a leading outsourcing company that is competitively positioned to capitalize on the accelerating trend among businesses to outsource non-core services.

In October 2001, The Fedics Group was re-named Tsebo Outsourcing Group. This change reflects the futuristic approach of the company and reinforces its position as a leading transformation company in South Africa. Tsebo is a Sotho word that means knowledge, know-how and skills – a key to the success of a services group.

A further strategy has been one of shared services through the appointment of key national resources, providing greater synergy and expertise across the Group.

The Tsebo Outsourcing Group has a proud record, not only as a pace-setter for the concept of Black Economic Empowerment, but also for implementing strategies that have been meaningful and rewarding for both shareholders and employees. As early as 1984, the Group saw the need to begin the empowerment of its staff through an effective affirmative action programme. It has continued to be both a pioneer and a role model in the arena of empowerment, winning the Sankorp “Investment in People” award in 1994 and the Black Management Forum (BMF) award for “The Most Progressive Company” in 1995. It was once again a finalist for the BMF award in 2000.
A company with 35 years history has gone through transitions both internal and external. The Fedics Group had the following divisions:

- **Fedics Foods Services**, 3 divisions viz.- Gauteng; Kwa-Zulu Natal; Cape- offering catering in industries, hospitals, schools, old age homes & agriculture.
- **Site Services** - a specialist turnkey division offering remote construction site catering and support services
- **Air Chefs** - offering on board meals for over 32 airlines
- **Travellers Retail Services** - proving a catering and auxiliary service at airports
- **Food Service Design** - providing designs for kitchen and dining halls
- **Business Development Company** - to forge relationships with strategic partners for future growth
- **Gate Gourmet** - offering VIP in-flight catering for dignitaries
- **Drake & Skull Facilities Management** - Specialist facilities management service for large head office co-operates / hospitals

Fedics also held 40% shareholding in Protea Hotels. Fedics also listed on the stock exchange in 1998.

The Institute of Marketing Management honored Fedics in 1998 in recognition of its successful implementation and roll out of a comprehensive marketing strategy to segment its diverse market into 10 niche segments. This was followed with the introduction of
product brands in the form of multi-branded food courts within the Fedics Food Service division.

The Group then underwent a major restructuring process in 2000-2001 in a move to refocus its activities and strategically align its core business.

In the words of Tsebo Group Chairperson, Dawn Mokhobo, “The delisting, and continued majority BEE shareholding, together with management, and the subsequent re-focusing, has assisted in the positioning the group as a leading black empowered outsource company.”

The two primary operating companies in the new structure will be Fedics, the food and soft services division, providing a range of multi soft services which complement its core business of providing food services, and Drake & Scull FM (SA), the facilities management division, providing a fully integrated service at the mid to high end of the facilities management spectrum.

In 1971 Fedics had 10 contracts, now it has over 1000 contracts, an increase of over 8000% in 35 years.

3.4 OBJECTIVES OF THE GROUP

“We want to be the First choice supplier for the services we offer. We will achieve this by putting our people First, thus ensuring that we always have the edge over our competitors”

- Achieve the highest quality service and value for money to ensure a happy and satisfied customer
- Ensure proper training and equal opportunities to realize individual ambitions
- Recognize and reward team and individual ambitions
Entrench the corporate values we hold dear: integrity, mutual trust and respect, 
openness and hard work

Contribute towards the creation of a caring spirit, inside the company and in the 
community

In terms of achieving the above objectives, the company set the following guidelines for:

- **Development**
  Commit ourselves to play a meaningful role in the RDP by equipping the employees with 
  relevant training opportunities in progress and growth in their chosen careers.

- **Equal Opportunity**
  Urgently eliminating discrimination, overpowering the previously disadvantaged and 
  promoting from within.

- **Open Communication**
  Provide the means for effective and transparent communication throughout the 
  organization.

- **Quality**
  Measuring ever-higher levels of customer satisfaction because of the tasty and appealing 
  food we serve.

- **Recognition**
  Ensuring that individuals and team achievers are recognized and rewarded appropriately.

- **Service**
  Through friendliness and professionalism desiring not only to serve clients and 
  customers, but our colleagues and the community.
Teamwork
Encouraging co-operation and commitment through effective leadership, mutual trust and respect.

Trust
Learning to trust one another, building relationships through a process of open communication, sharing values, honesty, mutual respect and empowerment.

Ubuntu
Creating a climate of caring and sharing based on our common respect for humanity and basic values.

Value for Money
A product of working smarter and providing values for money to our customers and clients, which results in benefiting the company and its entire people.

3.5 METHOD OF OPERATION
Fedics provides a personalized and specialized professional management service to meet your unique and individual catering and cleaning needs in all sectors of industry and commerce—hospitals and clinics, the mining industry, construction sites and hostels, universities and school.

Fedics places great emphasis on establishing and maintaining improved performance levels by effective training and specialist guidance and control. Management is decentralized into autonomous regional operations to provide on the spot supervision. Each region provides specialized catering expertise in, for example, personnel selection and recruitment, staff training, purchasing, and accounting, foodservice analysis and development and foodservice design.
No contract is too large, too small, or too remote—Fedics operates throughout Southern Africa. We cater at any level, from the Prime Minister banquet to breakfast on a mine or oilrig.

Fedics regards its resources as an extension of the client’s. The client determines all matters of policy: the type of service required, quality standards, and budget parameters. Fedics, as the managing agents, becomes responsible for organizing, supervising, controlling, and developing the catering and cleaning services, in accordance with the client’s policy. The client retains overall control without having to deal with the day-to-day operating problems or challenges.

Fedics’ know how and experiences are integrated throughout the company and are available to every client. By providing a professional specialist service in the catering, cleaning and house requirements, the client can concentrate on its core business.

3.5.1 Segmentation

Fedics is renowned for pioneering new concepts in the food service industry and one example of Fedics' ongoing innovation, is the branded food court concept. It was the first company in the outsourced catering market to launch in-house branded food courts in 1997 - transforming the face of traditional 'canteens' through the introduction of high-street style brands to the workplace.

Employees can now enjoy all the variety of a food court - offering everything from pizza, pasta and healthy sandwiches and snack options, to a nutritious meal of the day - all within the confines of their employee restaurant.

3.5.2 Benefits of Branding

- Attractive food branding has the potential to reduce costs and result in higher margins and uncompromising standards and service quality
- Reduces operating costs as lowers the number of skilled kitchen employees required
Fedics own and operate the brands, which means clients have greater flexibility in menu selection, pricing and equipment specification. (No costly royalty or franchise fees.)

The various branded choices fall under the INNOVATIONS umbrella.

Innovations offers nine "themed" brand choices - each one reflecting its own individual character. These brands are comparable to high street operations but offer the advantage of being specifically developed for the contract-catering environment. They are registered Fedics trademarks that reflect a culture of continuous improvement and quality and have all been designed to create an authentic character.

3.5.2.1 Cafe Continental

Cafe Continental provides a relaxed atmosphere in which to enjoy an exotic range of coffees and hot drinks with colleagues and friends.

Offering frothy cappuccinos, light meals or a selection of delicious cakes, this "Innovations" concept is in line with the trend towards the coffee bar experience.

With the assistance of Ciro Alliances, and the use of their Ciro and Lavazza coffee brands, superior quality is maintained.

Cafe Continental offers a sophisticated menu that lends itself to extended trading hours.

Included in this fresh and exciting menu are specialty breakfasts, tramezzini's, clabatta and focaccia sandwiches, continental wraps and hot & cold salads.

3.5.2.2 Chef's Choice

This popular "Innovations" concept offers an intriguing choice of dishes that encompasses Spanish paelia, mouth-watering carveries and sizzling oriental stir-fries.

Chef's Choice makes the art of food preparation an entertaining experience with freshly cooked ingredients prepared in front of the customer.
Signboards and menus entice with their display of the delights on offer.

These delicious and wholesome dishes can also be purchased as take away meals.

The concept is ideal for the larger staff complement and an exciting alternative to the traditional meal-of-the-day approach.

All equipment, signage and "Big Pan" are provided together with suggested meal options and menus.

Chef's Choice can be operated by a single staff member and can be incorporated into an existing food court or function as a stand-alone kiosk.

3.5.2.3 Daily's

Daily's brings the convenience store to the workplace.

Why stop for those daily essentials on the way home when you can pick them up before leaving the office? Daily's offers a range of retail items that includes cool drinks, cigarettes, sweets and crisps, milk and bread, magazines and gifts.

This "Innovations" offering can be incorporated into an existing food court or can stand alone as a separate kiosk. The product range can be customized according to your employee's preferences, which could include groceries, stamps, toiletries, pies and flowers.

3.5.2.4 Hampers

Subs, sandwiches and salads are all the rage around the world with more and more consumers discovering the convenience of these delicious products.

Hampers offer this light and healthy style of eating and are a popular "Innovations" choice.
A variety of fresh ingredients are prepared daily to create delicious fillings for a selection of crispy rolls, exotic breads and baguettes.

From this range of fillings, customers are able to tailor-make sandwiches, baguettes and salads - the only possible limitation being their sense of adventure.

Toasting equipment also allows for any sandwich to be prepared in a toasted format.

A pre-order service known as "Hampers-in-a-Hurry" is another convenient time-saver.

Here sandwiches are pre-ordered in preparation for lunchtime when they would be collected in a carryout bag complete with a soft drink of choice.

Orders can be placed by phone, via intranet or through the completion of an order form.

This "Innovations" concept needs limited space for operation and promises low operating costs.

It can function as a stand-alone kiosk or within a food court and requires limited staffing.

3.5.2.5 The Lapa

Lapa is our very own innovation, a true taste of Africa.

Traditional African fare, cooked daily from authentic African recipes, comes to life in the form of wholesome dishes that include mala mogodu, spicy chicken giblets, baked pumpkin, samp and beans or whole fat cakes combined with a choice of fillings.

These freshly prepared dishes are served from bain maries by professional and friendly staff and are ideal as take-away meals.

The Lapa can operate as a stand-alone unit to complement existing dining facilities or can form part of a branded food court.
Full signage and graphics support the brand and together with The Lapa uniform, create that authentic African experience.

3.5.2.6 Oriental Express

The Oriental Express offers a wonderful selection of Chinese, Thai, Indian and Malay cuisine.

Stir-fries and curries are freshly prepared with aromatic spices and served by trained staff.

This healthy alternative is ideal for vegetarians and can cater for Halaal customers too.

Hot Thai salads are also available and made from the freshest ingredients.

A selection of accompaniments including sambals and pappadums, complete the flavorful experience.

This style of food preparation allows for customer interaction and provides an exciting extension to the traditional meal of the day.

Oriental Express can be operated by a single staff member and can be incorporated into an existing food court or function as a stand-alone kiosk.

3.5.2.7 Spagetelli’s

With Spagetti’s we have captured the true taste of Italy with innovative menus and styling options.

Red, white and green is carried through the signage and supports the Italian theme.

Spagetti’s serves an extensive range of fresh salads, traditional baked pizzas with a wide variety of toppings and freshly made pasta and sauces.
Italian pasta and pizza combinations are prepared from the freshest ingredients.

Thin-based pizzas are made with Spagetelli’s special tomato concasse and topped with any combination that could include extra cheese, pepperoni, peppers, mushrooms, ham & pineapple, cajun chicken, tuna and bacon.

Here the customer has the last say in creating a pizza to his or her own liking.

As with the pizza, a selection of pastas such as penne, spaghetti and fusilli are prepared al dente and then flash boiled on order.

A variety of wholesome sauces include napolitana, bolognaise, spinach & feta.

Delicious garlic bread and salads are perfect accompaniments to the meal.

Spagetelli’s is ideal for locations where space is limited.

This "Innovations" brand can be incorporated into a food court or operate as a stand-alone kiosk.

3.5.2.8 Stripes

The Stripes brand offers the customer fast food without the high street brand prices. Freshly prepared hamburgers with a selection of sauces, fresh hot chips, chicken grilled to perfection are just some of the call order item available.

3.5.2.9 The WorX Diner

The WorX Diner has been created for the factory-dining environment.

Given factory demographics and the limitations on space and time for meals, The WorX Diner has been designed to offer the most popular items from Stripes American Diner, Hampers, Daily's, Chef's Choice and The Lapa.
A cost effective hybrid, it can do it all - supply a traditional Meal-of-the-Day at a reasonable price or provide the factory worker with the flexibility of having food made to order whenever it is suitable, creating little or no disruption to the factory processes.

Always remembering that hard work creates a man-sized appetite! Sizzling burgers, french fries, crispy rotisserie chicken, pies and fresh-cut sandwiches, to say nothing of a range of retail products that combine with the Meal-of-the-Day to create the tempting offer that is The WorX Diner.

Food preparation incorporates "food theatre" principles with all products made fresh to order and served by friendly staff.

The WorX Diner can be incorporated into an existing restaurant facility but is ideal for setting up as a stand-alone kiosk on any factory site.

With full signage and graphics to support the brand and staff uniform to complement the offer, it is another 'Innovations' winner.

3.6 FEDICS APPROACH TO FORMULATING A COMPETITIVE STRATEGY?

For much of the 1980s and the 1990s, strategic analysis has concentrated on the attractiveness of the external environment and the issues of positioning-market share, relative cost position, first mover advantage and the like. Recent examinations of the firm have largely been devoted to the implementation of strategic plans. There has also been a resurgence of interest in internal aspects of the firm, and specifically in how an understanding of the firm's resources is critical to strategy formulation and sustained success.
3.7 FEDICS’S RESOURCE CAPABILITY

3.7.1 Analysis of Resources-Basics

According to Professor Michael Porter of Harvard Business School, ‘Margin (added Value) is the difference between the total value and the collective cost of performing the value activities’. The Support activities have a common thread with the various divisions; hence listed below are the analysis of Support Activities from the Group’s and perspective. The primary activities are analyzed as per the Kwa-Zulu Natal region.

3.7.2 Procurement

The groups purchasing department co-ordinates and regulates procurement policies so that purchasing opportunities can be translated into competitive advantage while maintaining the Group’s reputation for integrity and fairness. The procurement forms an integral part of the group’s performance and profitability. Purchasing deals are signed with suppliers and discounts negotiated at different levels being discounts for mere fact of listing with Fedics, settlement discounts and volume discounts. Specialist National General Managers is appointed in the fields of: Dry Goods-Food; Non Foods; Chilled and Frozen Goods.

3.7.3 Technology Development

The Group’s IT department is responsible for appropriate use of computer and communication technology. This department provides leadership in identifying areas where business operations can be improved through application of information. Fedics has developed their in-house program called Menetec for Commercial and Industrial type hospital and Magmatec for the hospital type contracts. Fedics constantly fine tunes these programs to enhance its effectiveness for its clients and thus gives the group a unique selling point. One of the unique features spoken about for years is the introduction of a national recipe bank into the system whereby individual units will get access to. These menus can be called up at a touch of a key to help clients make suitable menu choices.
based on accurate costing. The hospital systems allows for ward hostess’s capture orders from patients using palm tops and then this information is downloaded to the kitchen systems for preparation. This is useful more especially in spread out hospitals like the Inkosi Albert Luthuli Community Hospital in Cator Manor.

3.7.4 Human Resource Management

The Groups sets out implicit human resource strategies and policies on recruitment, training and career development. The major focus of the Group’s HR strategies is to attract, develop and retain high-calibre people by offering high challenging careers within the organisation. This division is also responsible for the training and succession planning.

3.8 KEY FACTORS FOR SUCCESS

3.8.1 Customers

- Fedics brand is very strong in the market place
- Customer Comment Book well monitored
- Structured Star Rating Program
- Bi-Monthly hygiene checks
- Quarterly Oshact checks

3.8.2 Competition

- Innovations repute the company to be a leader
- National promotions are held with leading food suppliers with major prize giveaways tying in with customer loyalty program
3.8.3 Corporation

- The structured HR division at group level provides a tower of strength in labor/management relationships.
- Advantage of government subsidy is taken to its fullest with regards to NQ training.

3.8.4 Value Added by Fedics KZN to Tsebo Group (R Million)

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<tr>
<td>No of Contracts</td>
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</tr>
</tbody>
</table>

Table 3.1 Value of Fedics KZN
Adapted from Outsource Magazine, The Tsebo Group, 2002

3.8.5 Value Chain

According to Professor Michael Porter of Harvard Business School, ‘Margin (added Value) is the difference between the total value and the collective cost of performing the value activities.’ In analyzing the Primary Activities of this division, a structured approach is followed by the company in terms of:

- **Inbound Logistics**
  Purchasing of Stock is conducted via a structured ordering system. Menutec allows for on-line buying from suppliers.

- **Operations**
Directly supported by the catering manager and the district manager, the company’s main focus is on managing and supporting this sector.

- **Outbound Logistics**
  Sales are conducted via a structured control system.

- **Customer Service**
  The belief ‘That the customer is always right’ is practiced which is the focus of the catering manager and the unit staff.

- **Marketing & Sales**
  Advertising and promotions of the brand takes place through maintenance and increasing customer satisfaction levels, which entrenches them as global players in the near future.

### 3.9 VALUE SYSTEM

The investigation of a supplier chain management is currently being undertaken to enhance quality and profitability. Vertical integration is being looked at with a major focus being taken on downstream integration.

#### 3.9.1 Linkages between the Value Chain and The Value System

Very few deals are being struck whereby upstream integration has taken place. However, the few are catering and purchasing from Clover Dairies, Nestle and Coca-Cola.

#### 3.9.2 Core Competencies

Core competencies cover an integration of skills, knowledge and technology, the Combination of which can lead to competitive advantage. An analysis of the Fedics Group’s core competencies revealed the following:
3.9.3 Technology

- Menutec is a multifunctional system still in its infancy.
- Magmatec is the first for a hospital, comparable with competitors, in many instances far superior.

3.9.4 Links

Links between producer and Fedics are being forged and are in its mature stage.

3.9.5 Value-added Products

- Products are being developed into standardized portion sizes for consistent quality maintenance and better control.

3.9.6 Human Resources

- Human resource skills are very high in the Group. This skill is sustained through training and development.

3.9.7 Financial Resources

- Solid financial resources exist in the Group. Although the leverage buyout has put pressure on the Group over the last year, the company’s financials are strong with the backing by Rand Merchant Bank.

3.9.8 Customer Benefits

- Under the segments, customers enjoy the benefits of niche specialization on modern up to date market trends overseas.
- New recipes and menus introduced
- Special of the day/week served in every catering facility
3.10 SOCIAL RESPONSIBILITIES AND NEW SKILLS AND COMPETENCIES REQUIRED

- Each year the group makes significant donations to internal RDP projects and selected community and charity projects to assist the needy.

- For the last 13 years Fedics has sponsored Operation Hunger card initiative.

- As an equal opportunity employer, the policy of the Group is to develop and advance all its employees regardless of race, color, creed or gender. This policy of up-skilling employees by enabling them to acquire appropriate knowledge and skills to maximize their competence, commitment and performance is a prime example of successful corporate strategy enabling an organization to add value to one of its core assets –its Human Resources. The long – term advantage of such strategy ensures that the organization maintains a sustainable competitive advantage by having in its employ suitably equipped men and women who are committed to its growth and success. The ability to learn faster than your competitors may be the only sustainable competitive advantage.

- In line with South Africa’s affirmative action initiative the Group aims to provide the following representation of Black employees by the year 2006:

  - Top Management – 20%
  - Senior Management – 30%
  - Middle Management – 40%
  - Skilled & Supervisory Staff – 60%
This strategy whilst facilitating the fulfillment of employment potential and career aspirations primarily serves to redress the political employment injustices prevalent in the Apartheid era and aims to ultimately achieve the goal of employment equity.

3.10.1 People Empowerment

Employee empowerment has always been a key focus area for the Tsebo Outsourcing Group. Extensive training and development opportunities are available to all employees and Fedics, the catering division, is the only caterer to have its own training institute, the Institute for Hospitality Studies.

The Group has also been successful in the implementation of the National Qualifications Framework, encompassing outcomes-based training and facilitation learnerships and competency-based assessments.

In addition to training programmes, Tsebo Outsourcing Group has a strong commitment to social responsibility, displayed in its active participation in numerous ongoing initiatives within previously disadvantaged communities. The philosophy is one of personal involvement and true empowerment, as opposed to providing purely financial assistance.

The Group's HIV/AIDS programme has been recognized by key South African concerns as having made an invaluable contribution to the Group's greater communities.

Significantly, Fedics was first to market with a focus on nutritionally enhanced food products in the workplace to enhance immune systems and thereby have a positive impact on general wellness. Fedics has reengineered all its client recipes and menus to proactively address nutritional intake with particular attention to a balanced diet for improving immune systems, which will benefit all employees, specifically those who are HIV Positive Project. Managing this groundbreaking approach to the treatment of HIV/AIDS is Alan Brand, Group National HIV/AIDS manager of Fedics and the Hospitality Sector representative on SANAe.

The company is continuously transforming to ensure that it remains at the forefront of its
industry and the issue of empowerment has been no exception. Tsebo Outsourcing Group does not believe in empowering an elite few in the boardroom and in pure equity ownership. It is committed to uplifting as many people throughout the organization as possible.

Of the Group's nearly 8 000 employees, 90% are black and of this, nearly 35% are in management positions. The Group places great emphasis on the completion and fulfillment of its Skills Development and Employment Equity plans.

The empowerment principles established by the Group also extend to suppliers and the Tsebo Outsourcing Group is committed to procurement of services from empowered suppliers.

As a previously JSE-listed company, the Tsebo Outsourcing Group places emphasis on upholding the highest level of corporate governance, in accordance with those of listed companies. The Group takes pride in being a well-received, ethical organization by all its stakeholders.

3.11 FINANCIAL RESOURCES

Between the periods 1998-1999 The Group had been able to meet an incremental profit share policy to senior management and still retain sufficient funds.

The Group has, over the years, successfully been able to achieve real growth with its aim being 22% year on year growth for F2002.

3.12 OPERATIONS AND SERVICE

Fedics KZN has had a very stable operations department since 1997. However, in 1999 a newly appointed affirmative action appointment was made. This led to a split in the region with camps being formed.

As this is a service industry, calibre of people in the OPS department is critical to the success of Fedics. The communication requirements required are: -
Regular client contact must be maintained; this must be multi level, preferably at MD and day-to-day level.

- Regular customer contact via catering committee meeting must be maintained
- Regular staff and unit contact must be maintained

3.13 EXTERNAL ENVIRONMENT

Having set their sights on both regional and national growth, the groups divisions had to exploit opportunities within the wider Southern Africa, which in turn will entrench them as a competitive global player.

3.13.1 Black Economic Empowerment (BEE)

In 1984 Fedics recognized the need to begin an Affirmative Action Programme. This was formalized with the inception of the Leadership Development Programme (LDP) in the year 1995, the fruits of above were borne, and whereby 29% of Fedics management was black. In addition 16% of management were Asian and coloured and 51% were female.

The commitment to Affirmative Action progress was acknowledged when Fedics won the prestigious Sankorp “investment in People’s award. In pursuit of this goal, training is key. Fedics invested over R20m in training and is the only company in the entire catering industry to have initiated its own training college, The Institute for Hospitality Studies. Fedics has trained in excess of 2000 employees per annum through the college, mainly in Gauteng.

In pursuit of the BEE, Fedics is now a wholly owned South African company with over 550 000 stakeholders, empowerment shareholding of 50.1 %, woman shareholding of 22.55% and employees over 8500 people, 65% being black with 30% of the total holding management positions.
However, in pursuit of BEE, some instances are stretched too far. Over the years Fedics had many BEE initiatives such as:

- Blue Crane
- Tie Rack
- Milky Lane
- Fab Foods
- BJ’s Food

Fedics have sold these Franchisees except the BJ’s franchise outlets.

### 3.13.2 Economic Future

#### 3.13.2.1 Investment

As a way forward in the industry, investments are required from caterers in large catering operations for successful long term securing of contract. Although there are base models to calculate W.A.C.C. in investment capital, the sales projections are based on the sales executive’s perception of the catering unit. This leaves the company wide open to commitment, which could detrimental to the business.

However, on the bright side, the continued development and investment between Drake & Skull and Fedics allows Fedics to capitalize on substantial cross-selling opportunities between the two groups, improving overall efficiencies and successfully aligning the business areas. The Group now has the ability to use a single infrastructure to provide a multi-service to the client thereby improving efficiencies and service delivery on site.

#### 3.13.2.2 Unemployment

The human resource development and employment equity policies and programs are driven by ongoing performance improvement initiatives. These are aimed at improving
and managing the performance of teams and individuals the Group’s businesses for the benefit of all stakeholders, thus creating opportunities for growth rather than unemployment.

3.13.2.3 Socio-Cultural Future

Each year the group makes significant donations to internal RDP projects and selected community and charity projects to assist the needy. For the last 13 years Fedics has also sponsored Operation Hunger card initiative.

3.13.2.4 Education

The focus of Human Resource strategies is to attract, develop and retain high-calibre people as well as maintaining a safe and healthy working environment for its employees. In light of this as well as maintaining equal opportunity, priority has been placed on training in terms of both job-related skills and general business and personal competencies. This complies with provisions of the Skills Development Act. Training programs covers leadership development, supervisory development, computer literacy, communication skills, business education, operator and skills training, management development.

3.13.3 Technological Future

3.13.3.1 Speed of Change and Adoption of New Technology

The Group and its divisions are increasingly dependent on sophisticated computer systems and telecommunication for efficiency and responsiveness to changing customer and business needs. The Group's information technology department is responsible for the appropriate use of computer and communication technology. However, the Menutec program was launched in 1989 and to date the systems is incomplete. There appears to be enhancements upon enhancements with no complete program in terms of the contracts bookkeeping requirements. 80% of the contracts now
complete 40% of the work manually and 60% by computer. The computer part of the work is also completed on excel spreadsheet as well as Menutec. Although it is now 10 years down the line since the launch of Menutec, it is no further in terms of its capability apart from being able to transmit via modem to head office. This also poses a threat as the financials can bypass the next level of management during the trading weeks and only analyzed at month end by the district manager.

3.13.3.2 Procurement

Tsebo Outsourcing Group has recently launched Invalu, a supply chain solution provider that is focused on making a bottom line difference to companies in the procurement of non-core or support commodities.

The key objective of Invalu is to extract maximum value for its clients by offering an end to end procurement solution and by providing access to proven best level price points and by implementing an e-Procurement tool, Invalu.net, which ensures that all transactions are carried out with appropriate suppliers at the appropriate prices for the appropriate product.

Companies that purchase and utilize fast moving consumable goods (FMCG); maintenance repair and other (MRO) products or business support services and products (BSS&P) will benefit from Invalu's offering. This value-driven solution is ideal for companies within the mining, manufacturing, commercial, and service, hospitality or retail sectors.

Commodities offered fall in the following groups: food and beverage, cleaning equipment, office supplies, facilities equipment and services, maintenance equipment, communications supplies, laundry services, printing and computer consumables. Invalu provides a comprehensive procurement solution using tools and technology to manage the supply chain through e-procurement. Using invalu.net, which is the electronic procurement solution used by Tsebo Outsourcing Group, this supply chain solution streamlines the procurement process for companies and provides immediate access to a populated, scalable customized e-Procurement tool.
Through invalu.net, Invalu has access to an already-established e-procurement infrastructure, thus offering clients a better deal simply based on existing volumes. In addition, Invalu is able to provide companies with an exact calculation of the value proposition before they commit to anything.

Value is created through the Group's dedicated approach to Total Cost of Ownership (TCO), which focuses on reducing all costs across the supply chain, including both product and service costs.

The end objective - Invalu makes a bottom line difference and extracts maximum benefit for clients by offering them the best possible deal and by ensuring that all transactions are carried out with appropriate suppliers at the appropriate prices.

3.14 INDUSTRY ENVIRONMENT

In analyzing a general examination of the forces driving the industry competition, the following analysis is undertaken on the Fedics Group.

3.14.1 The Bargaining Power of Suppliers

The balance of power between suppliers and the catering industry appears to be slanting towards suppliers in recent times as company’s such as Fedics stretch the suppliers to the limit in terms of settlement period by taking 60-90 days credit. Not many suppliers can carry the book for this period and as such refuses to supply or turn down this business; e.g. Shisiyama Butchery went into liquidation from above situation.

Fedics has taken the option of down streaming whereby feedlots of cattle are being bought and the supply chain starts from growth of cattle. In hindsight, 15 years ago, suggestions were put forward by the likes of myself on Fedics down streaming and setting up/buying the main supplier, e.g. meat/dry goods/poultry and chilled goods which comprise 70% of the shopping basket. Standardization of products will be achieved throughout the Group. This will weaken the hold of suppliers but put the power of
supplying in the caterer’s hand. However, one must be wary of the saying “Stick to your knitting”

3.14.2 The Bargaining Power of Customers

The introduction of segmentation and branding had brought about the 'excite and delight' concept to “canteens”. This will create product differentiation and customer loyalty. The trick would be to keep the brand momentum going with constant changes and variations.

Bargaining leverage on meal prices will dwindle as the expectation is for a cheaper type meal with the subsidy coming from the client providing the premises and equipment at little or no cost.

3.14.3 The Threat of Potential Entrants

The barriers to entry are high for ‘big’ type contracts, being high capital requirements and supplier availability. However there are few out there, hence the idea is to obtain the medium to small contracts. This opens the doors to more than the big players and even the ‘rats and mice’ type contractors.

3.14.4 The Threat of Potential Substitutes

Vending Service and Meal delivery service are the threats to Fedics’s existence. This has not been perfected and will affect the medium to small type contracts as clients look at cutting costs.

Fedics have tied up long-term deals by refreshing and re-vitalizing canteens at their costs.
3.14.5 Rivalry amongst Industry Competitors

In order to sustain and enhance its competitive advantage the group continuously does and is currently re-examining its existing strategy with intentional management consultants, Bain Consultants. Through Bain, areas of growth were identified and the nature of business of the two operating divisions clearly defined. The group’s strength in service delivery and innovative approach, together with a strong client base, remain the keys to its success. These services have been expanded in Fedics, building from the catering core, into a multi soft service operation including cleaning, hygiene, patient portering, pest control, laundry and including facility management services.

3.15 SUMMARY

It is the group’s belief that the experience that customers get has got to be one that they will want to repeat. At a catering Operation different contractors offer a single product to customers through combined effort, so the client’s job is not easy, because the client must pull the strings to make everybody deliver that specific product. Fedics can’t decide that what they do with the business doesn’t impact on other contractors as it certainly does have a huge impact. Fedics ascertains what experience the client requires to its employees and then fits in with that underlying principle. The group believes the only way to do this is to be clear about the client’s expectations and the product that needs to be delivered. Different clients have different requirements, it is therefore vital to get a clear "snapshot" of what they see, and do the groundwork accordingly.
CHAPTER FOUR – RESEARCH METHODOLOGY AND ANALYSIS OF FINDINGS

4.1 INTRODUCTION

The information needed in the successful presentation of this dissertation was gathered and analysed from the various primary, secondary and tertiary sources available. A literature search was conducted to ascertain the problem statement whilst questionnaires were used as primary gathering information tools. Exploring secondary data (both external and internal) has provided valuable information in to understand the research dilemma. The questionnaires were dispensed to customers of various catering facilities of Fedics, KZN. The questions varied from dichotomous questions (yes or no type) to free response questions (also known as open-ended questions that allowed the various respondents to state their opinions in their own words). The received responses are translated and measured using graphs and charts.
4.2 VIEWS OF PRESENT CUSTOMERS

4.2.1 Age

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</table>

Figure 4.1 Questionnaire to Present Customers: Age Group of Respondents

Table 4.1 demonstrates the various age groups that responded to the questionnaire. The majority fell into the age category of between 36-45 years, thus accounting for 31% of the sample population. The 60+ age group was the minority group, only accounting for 6% of the sample. The remaining respondents fell into the age group of 18-25 years (25%), 36-45 years (19%) and 46-60 years (19%).
4.2.2 Income Levels per month

50% of respondents earned between R3000-R6000 per month per household, followed by 25% in the R6000-R8000 income group with 13% each of the respondents in the R1000-R3000 and RR8000+ income groups. It must be pointed out that the income group of less than R1000 per month had zero respondents.
4.2.3 Marital Status

It is interesting to note that 45% of the respondents are married, whilst 33% were single with 23% co-habiting. This leaves the target market at 33% and influential marketing tactics should be practiced to persuade the married and co-habitants to purchase from the catering outlets as the tendency for married and co-habitants to carry lunch boxes are stronger than the single respondents.
4.2.4 Why do you use the Canteen?

When respondents are required to rate the reason for utilization of the catering facility, they are split on 34% each on purchasing food only and Food and refreshments and resale items such as minerals and tobacco. 29% of the respondents purchase food and refreshments only, with 4% not purchasing or participating in the catering facility. This presents opportunities to persuade the 4% to buy items from the canteen as well as creating opportunities with 34%.

**Figure 4.4 Questionnaire to Present Customers: Why do you use the canteen?**

<table>
<thead>
<tr>
<th>Why do you use the Canteen?</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Only</td>
<td>27</td>
<td>34%</td>
</tr>
<tr>
<td>Food &amp; Refreshments</td>
<td>23</td>
<td>29%</td>
</tr>
<tr>
<td>Food, Refreshments &amp; Resale items</td>
<td>27</td>
<td>34%</td>
</tr>
<tr>
<td>Meet friends only</td>
<td>3</td>
<td>4%</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>100%</td>
</tr>
</tbody>
</table>
4.2.5 Do you access the canteen website?

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily</td>
<td>26</td>
</tr>
<tr>
<td>Weekly</td>
<td>14</td>
</tr>
<tr>
<td>Monthly</td>
<td>2</td>
</tr>
<tr>
<td>Not at all</td>
<td>35</td>
</tr>
<tr>
<td>Periodically</td>
<td>3</td>
</tr>
</tbody>
</table>

**Total** 80 100%

**Figure 4.5** Questionnaire to Present Customers: Do you access the canteen website?

33% of the respondents access the website daily, with 18% weekly, 3% monthly and 4% periodically, whereas 44% do not access the website. This could be a powerful tool to communicate to the customers and a marketing drive should be launched to tap into this sector.
4.2.6 Please indicate the items you have purchased and how many times you have purchased it during the last three months. (You may indicate more than one option)

![Frequency of Food type Items](image)

<table>
<thead>
<tr>
<th>Type of Meal</th>
<th>1 x day</th>
<th>2 x day</th>
<th>3 x day</th>
<th>4 x day</th>
<th>Total</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Meal</td>
<td>18</td>
<td></td>
<td></td>
<td></td>
<td>18</td>
<td>7%</td>
</tr>
<tr>
<td>Eastern Meal</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
<td>20</td>
<td>8%</td>
</tr>
<tr>
<td>Ethnic Meal</td>
<td>26</td>
<td></td>
<td></td>
<td></td>
<td>26</td>
<td>10%</td>
</tr>
<tr>
<td>Special Meal</td>
<td>12</td>
<td></td>
<td></td>
<td></td>
<td>12</td>
<td>5%</td>
</tr>
<tr>
<td>Toasted Sandwich</td>
<td>20</td>
<td>25</td>
<td></td>
<td></td>
<td>45</td>
<td>17%</td>
</tr>
<tr>
<td>Plain Sandwich</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td>10</td>
<td>4%</td>
</tr>
<tr>
<td>Hamburger</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td>5</td>
<td>2%</td>
</tr>
<tr>
<td>Chips</td>
<td>12</td>
<td>10</td>
<td>15</td>
<td></td>
<td>37</td>
<td>14%</td>
</tr>
<tr>
<td>Rolls</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Breakfast</td>
<td>35</td>
<td></td>
<td></td>
<td></td>
<td>35</td>
<td>13%</td>
</tr>
<tr>
<td>Fruit</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
<td>43</td>
<td>16%</td>
</tr>
<tr>
<td>Pies</td>
<td>12</td>
<td>2</td>
<td></td>
<td></td>
<td>14</td>
<td>5%</td>
</tr>
<tr>
<td>Total</td>
<td>190</td>
<td>37</td>
<td>38</td>
<td>0</td>
<td>265</td>
<td>100%</td>
</tr>
</tbody>
</table>

Figure 4.6 Questionnaire to Present Customers: Food Item types and Frequency of Purchase
Figure 4.7  Questionnaire to Present Customers: Resale Item types and Frequency of Purchase
The sales mix on food type items reflects that 17% of respondents participate in toasted sandwiches, 14% on fresh chips with 13% on Breakfast. Hot meals in the form of a western, eastern, Ethnic and special type meals reflect a participation of 7%, 8%, 10% and 5% respectively. These are the high priced, high profit margin items, which provides challenges for the caterer. The challenge will be to revisit the menus to entice consumers to move away from the ‘junk’ type food and participate in wholesome tasty meals which will be rewarding to both the consumer and caterer, hence entrenching the loyalty of customers to the catering service provider. Pies which accounts for 5% of the respondents is also a high profit margin item which should be promoted as a combo item to improve sales, thus gaining greater participation and adding value to the consumers.

On the resale items, Minerals, juices, milk, cakes, crisps and sweets account for most frequent purchases by respondents as indicated by 15%, 10%, 13%, 11%, 17%, and 13% respectively. These are normally meal accompaniments, however impulse buying marketing strategies should be utilized to increase these purchases.

Respondents indicated that airtime sales frequency of purchases accounts for 6% and this provides great opportunities as the cell phone market has taken off phenormally high in South Africa.

Tobacco purchases indicate a low percentage of 3%, which could be attributed to the big drive on health awareness campaign by the government. Toys were rated as zero, which again provides for opportunities in the marketplace.
4.2.7 Have you bought from the canteen?

95% of the respondents indicated that they do participate in purchasing from the canteen, which reflects that they do value the services of the canteen. The drive would be to promote the right products at the right price in a friendly environment.
4.2.8 Please indicate to what degree each of the following factors relating to purchasing from the canteen/dining room has influenced your decision to buy.

![Bar chart showing factors influencing purchases from Canteen]

**Figure 4.9** Questionnaire to Present Customers: Factors influencing purchases from Canteen
40% of the respondents were strongly influenced by the factors listed above whereas 23% of the respondents were less strongly influenced. Only 20% were influenced on average by the factors listed above and 11% of the respondents felt that the mentioned factors poorly influenced their visit to the canteen with 5% stating that the above factors did not influence their decision to purchase from the canteen.

This indicates that a large percentage of the respondents would not purchase from the canteen should the factors listed above not be practiced in the canteen. Customer Service prevails as can be proven from these statistics.

4.2.9 Please indicate to what degree each of the following factors relating to purchasing from the canteen/dining-room have influenced your decision or would have influence on your decision to NOT purchases from the canteen/dining-room.
<table>
<thead>
<tr>
<th></th>
<th>Strong Influence</th>
<th>Less Strong Influence</th>
<th>Average Influence</th>
<th>Poor Influence</th>
<th>No Influence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor Customer Service</td>
<td>46</td>
<td>17</td>
<td>13</td>
<td>3</td>
<td>79</td>
</tr>
<tr>
<td>Lacking Ambience</td>
<td>39</td>
<td>23</td>
<td>15</td>
<td>2</td>
<td>79</td>
</tr>
<tr>
<td>Slow Service</td>
<td>46</td>
<td>13</td>
<td>17</td>
<td>3</td>
<td>79</td>
</tr>
<tr>
<td>Cash Register Problems</td>
<td>32</td>
<td>19</td>
<td>20</td>
<td>4</td>
<td>79</td>
</tr>
<tr>
<td>Inferior Merchandise</td>
<td>46</td>
<td>19</td>
<td>11</td>
<td>3</td>
<td>79</td>
</tr>
<tr>
<td>Prices too high</td>
<td>32</td>
<td>28</td>
<td>13</td>
<td>3</td>
<td>79</td>
</tr>
<tr>
<td>Management Presence</td>
<td>45</td>
<td>16</td>
<td>13</td>
<td>5</td>
<td>79</td>
</tr>
<tr>
<td>Dirty Canteen</td>
<td>35</td>
<td>21</td>
<td>18</td>
<td>5</td>
<td>79</td>
</tr>
<tr>
<td>Tables not cleared</td>
<td>39</td>
<td>16</td>
<td>20</td>
<td>4</td>
<td>79</td>
</tr>
<tr>
<td>Cashiers Slow</td>
<td>43</td>
<td>13</td>
<td>18</td>
<td>5</td>
<td>79</td>
</tr>
<tr>
<td>Poor Staff Attitude</td>
<td>38</td>
<td>30</td>
<td>7</td>
<td>4</td>
<td>79</td>
</tr>
<tr>
<td>Poor Staff Menu Knowledge</td>
<td>32</td>
<td>28</td>
<td>15</td>
<td>4</td>
<td>79</td>
</tr>
<tr>
<td>Taste of Food</td>
<td>41</td>
<td>18</td>
<td>15</td>
<td>4</td>
<td>79</td>
</tr>
<tr>
<td>Healthy Type Meals</td>
<td>23</td>
<td>23</td>
<td>24</td>
<td>9</td>
<td>79</td>
</tr>
<tr>
<td>Cash only facilities</td>
<td>21</td>
<td>24</td>
<td>22</td>
<td>12</td>
<td>79</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>558</strong></td>
<td><strong>308</strong></td>
<td><strong>241</strong></td>
<td><strong>70</strong></td>
<td><strong>1184</strong></td>
</tr>
<tr>
<td><strong>Percentage</strong></td>
<td><strong>47%</strong></td>
<td><strong>26%</strong></td>
<td><strong>20%</strong></td>
<td><strong>6%</strong></td>
<td><strong>1%</strong></td>
</tr>
</tbody>
</table>

**Figure 4.10** Questionnaire to Present Customers: Factors influencing one not to Purchase from the canteen

It can be noted that 47% of respondents are strongly influenced not to purchase by the factors listed above, and a further 26% are less strongly influenced with 20% averagely influenced. This indicates that customers will vote with their purchase or buying power to support the canteen by not purchasing should the factors be prevalent in the canteen.

Most respondents felt that it is critical to the catering business that poor service will not be tolerated as indicated by 93% in above response and this goes hand in hand with the previous question whereby 83% were influenced to purchase by good service standards practiced.
4.2.10 It is easier to bring a lunch pack from home than to visit the canteen to purchase food

![Graph showing the frequency and percentage of responses to the question: It is easier to bring Lunch from Home than visit the canteen to purchase food.]

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>21</td>
<td>27%</td>
</tr>
<tr>
<td>Agree</td>
<td>13</td>
<td>16%</td>
</tr>
<tr>
<td>Indifferent</td>
<td>36</td>
<td>46%</td>
</tr>
<tr>
<td>Disagree</td>
<td>4</td>
<td>5%</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>5</td>
<td>6%</td>
</tr>
<tr>
<td>Total</td>
<td>79</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Figure 4.11 Questionnaire to Present Customers: It is easier to bring a lunch pack from home than to visit the canteen to purchase food**

It is evident that the influence placed by good service and tasty food is imperative when one provides a catering service as 47% of the respondents indicated that they were indifferent to bring food from home. This further indicates that the opportunity exists to
win over customers. However, 27% of respondents were strongly influenced to bring food from home with a further 16% agreeing with this practice. The opportunity lies with the 57% that are indifferent, disagree and strongly disagrees with this concept of bringing food from home, thereby creating a market for customer loyalty and sustained growth and profitability.

4.2.11 I prefer to buy only resale items

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>15</td>
<td>19%</td>
</tr>
<tr>
<td>Agree</td>
<td>12</td>
<td>15%</td>
</tr>
<tr>
<td>Indifferent</td>
<td>33</td>
<td>41%</td>
</tr>
<tr>
<td>Disagree</td>
<td>13</td>
<td>17%</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>6</td>
<td>8%</td>
</tr>
<tr>
<td>Total</td>
<td>78</td>
<td>100%</td>
</tr>
</tbody>
</table>

Figure 4.12 Questionnaire to Present Customers: I prefer to buy only resale items
Figure 4.12 indicates that 41% of respondents are indifferent to purchasing resale items, whereas 19% strongly agree with purchasing resale items with a further 15% agreeing. This provides a concern for the caterer as the main objective of providing a catering facility is to provide a meal. Resale items can be sold through vending machines; hence the reason to revisit the menus to ensure customers are offered the right choices at the right price must be conducted.

4.2.12 If I see a special at the canteen, I would purchase it instead of bring lunch from home

![Chart showing responses to questionnaire about purchasing a special at the canteen.]

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>38</td>
<td>48%</td>
</tr>
<tr>
<td>Agree</td>
<td>30</td>
<td>38%</td>
</tr>
<tr>
<td>Indifferent</td>
<td>7</td>
<td>9%</td>
</tr>
<tr>
<td>Disagree</td>
<td>4</td>
<td>5%</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Total</td>
<td>79</td>
<td>100%</td>
</tr>
</tbody>
</table>

Fig. 4.13 Questionnaire to Present Customers: If I see a special at the canteen, I would purchase it instead of bringing lunch from home
When respondents are presented with a different meal choice, 48% felt that they would participate in the facility with a further 38% agreeing. This creates ample opportunity for the fostering concept of excite and delight as it is evident that the consumer prefers something different in the meal offerings.

4.2.13 It would be easier to order items and have them delivered to my office or work area, if allowed.

![Bar chart showing responses to the question: It would be easier to order items and have them delivered to my office or work area, if allowed.]

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>10</td>
<td>13%</td>
</tr>
<tr>
<td>Agree</td>
<td>5</td>
<td>6%</td>
</tr>
<tr>
<td>Indifferent</td>
<td>25</td>
<td>32%</td>
</tr>
<tr>
<td>Disagree</td>
<td>35</td>
<td>44%</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>4</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>79</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Figure 4.14 Questionnaire to Present Customers: It would be easier to order items and have them delivered to my office or work area, if allowed.
The majority of respondents disagree to having office deliveries with a further 25% indifferent on this concept. This indicates that the consumers do prefer to leave their workplace and visit a recreation area to ‘recharge their batteries’. This is the main purpose of the catering facility as the objective is to provide a facility for the employees to have a break and get back to the workplace and be productive.

4.2.14 Would you prefer a loyalty program where your support of the canteen is rewarded by you qualifying for lucky prizes, free meals and cool drinks?

![Prefer a Loyalty Program](image)

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>41</td>
</tr>
<tr>
<td>Agree</td>
<td>18</td>
</tr>
<tr>
<td>Indifferent</td>
<td>12</td>
</tr>
<tr>
<td>Disagree</td>
<td>5</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>79</td>
</tr>
</tbody>
</table>

Figure 4.15 Questionnaire to Present Customers: Would you prefer a loyalty program where your support of the canteen is rewarded by you qualifying for lucky prizes, free meals and cool drinks?
Where respondents were asked to rate the preference of a loyalty program, it was overwhelmingly favorably by 52% who strongly agreed, with a further 23% agreeing. This reveals an astonishing fact that together with an ‘excite and delight’ concept, customer loyalty is a large part of sustaining business.

4.3 SUMMARY

The evaluation of the questionnaires proved to be a very long and tedious task primarily due to the fact that the catering contracts are not situated in one place and was situated mostly on the North Coast of KZN, primarily in the Richards Bay area. This was further compounded by the fact that the questionnaire took over 30 minutes each to complete and this infringed on the customer’s lunch and tea breaks.

The questionnaires revealed that the major factors influencing consumer behaviour were of high priority in their minds, and non-conformance to these acceptable standards resulted in the consumer not purchasing from the catering facility. Although the main income bracket was between R3000-R6000 per month per household, the disposable income to spend on the canteen was affected by the offerings, customer service, introduction of variations to the menus, adding specials to the meal of the day, providing value for money, creating an atmosphere conducive to restaurant standards in terms on ambiance and catering staff attitude and morale.

Factors such as loyalty programs were well received, and this ensured the sustainability of the contract with one caterer.

Most respondents revealed that the main reason behind their support for the catering facility was the fact that the caterer listened to them and responded favourably when requested to conduct changes to their tastes and preferences.

In conclusion, it shows that there is no such thing as any Important Customers. One should always remember the golden rule of The Customer is King; The Customer is always right.
CHAPTER FIVE – RECOMMENDATIONS AND CONCLUSION

5.1 INTRODUCTION

Fedics has an excellent vehicle in the form of the systems and support services. The company has survived for over 30 years, however with changing markets and consumers, the recommendations listed below will enhance the customers service by empowering the staff to providing a better service. It is also essential that the market Fedics is operating in, is well researched as the clientele are unique and different at various sites or want to be treated differently, thus gaining a different identity.

5.2 MARKET SITUATION

In analyzing the market, the market situation section should contain the best and most clear headed description of the current state of marketplace as follows:

- The products/services or product/service lines
- The rand size of the market
- The sales and logistics set up
- Audience description in terms of population, demographics, income levels and so on
- Geographic area of the specific site do you service
- Competitors existence in the area
- Historical sales of the products

5.2.1 Threats and Opportunities

Much of this information remains in the heads of management team, but one has to write these down. A marketing plan gives you a chance to pull all this information together into one place, to spur ideas and justify actions. In analyzing the threats and opportunities of
your market situation, it should focus on the bad and good implications of the current market as follows:

- Trends in the marketplace that are against you
- Competitive trends that are Ominous
- Succession and longevity of current products
- Trends that favor your product
- Possibility of competitive trends working towards your benefit
- Advantages and disadvantages of demographics in your market

5.3 MARKETING OBJECTIVES

In painting the picture for the future, define marketing objectives is paramount to achieving the objectives of the marketing plan. Each Marketing objective should include both a narrative description of the intended accomplishment along with numbers to give you concrete direction.

5.3.1 Set Stretch Goals

In setting a quantifiable goal, revision of the historical trading data is important. This will entail revision of past sales, growth over the years, size of typical new customers and how new product introductions have fared. Some typical marketing objective categories are:

- Introduce new products
- Extend or regain the market for existing products
- Enter new territories for the company
- Boost sales in a particular product, market or price range
- Cross sell one product with another
- Enter into long term contracts with desirable clients
- Raise Prices without cutting into sales figures
- Refine a product
5.3.2 Marketing Goals

Gains are earned by marketing brains and brawn. Each marketing objective should have several goals and tactics for achieving these goals. The objectives of the marketing plan must focus on the “what” and “why” of the marketing task for the period ahead. The objective of the implementation stage must focus on the practical, sweat and calluses areas of “who”, “where”, “when”, and “how”.

5.3.3 Budgets

Whether done well or poorly, business activity always costs money. The marketing plan needs to have a section in which allocation of spend are budgeted for each activity planned. People responsible for areas of the marketing activity should know exactly what funds are available. Objectivity is crucial to the anticipation of the costs.

5.3.4 Controls: Tracking Effectiveness

For the success of the marketing plan, a regular schedule of meetings must be established in writing to track progress throughout the year. The benefit of this gives one the ability to track progress as one reaches the objective. Too many marketing efforts are not quantifiable, with the result that the achievements of the marketing campaign are just plain illusory.

All marketing benefits will benefit from the classic marketing loop: act, Observe, adjust, act again. AT the scheduled meetings, responsible persons must report on what has been accomplished in the interim, include spend on budget with recording of these feedback sessions.
5.3.5 Formulating Competitive Strategies

The approach to formulating a strategy would be to:

- Identify the organizations objectives and strategy.

- a SWOT analysis by analyzing the external and internal environment.

- In analyzing the Internal Environment, one would look at the skills and abilities of employees, cash flow, new and innovative products, image of company, quality of products, history of company, Capital, Worker Skills, Patents, Organizations Culture, Training and development Human Resources, R&D, Management Information Systems.

- In analyzing the External Environment, one would look at the trends in market place, Environmental Scanning, Competitors, Legislation, Competitor Intelligence, Customers, Technological Environment, Political situation.

- Using PEST, Prof. Michael Porter’s five forces, scenario analysis and competitor analysis, one would evaluate the external environment.

- Using the value supply chain, core competencies will be summarized

- The summary of both of above will result in choices.

- An organization has 4 strategies that are available: -

  - Growth Strategy
  - Stability Strategy
  - Retrenchment Strategy
  - Combination Strategy
Therefore we need each unit in the business to translate their strategies and as a whole give the company a Competitive Strategy. According to Porter, 3 generic competitive strategies exist which gives the product a distinct advantage by capitalizing on the strengths of the organization:

- Cost leadership differentiation-Low cost producer
- Focus – uniqueness in a narrow market
- Differentiation – uniqueness in a broad market with emphasis on a high quality and brand loyalty.

5.4 STAFF TRAINING AND MANAGING

5.4.1 Introduction

Fedics name change to Tsebo Group reflects their commitment to transformation. The highly successful new-segmented business strategy gave Fedics the edge in the market place.

In the past, the human capital aspect of the business has been misunderstood as something mushy and impossible to measure. That’s changing within the Fedics group as they are realizing that their people are their greatest source of competitive advantage. Ultimately, more and more case studies are proving that happy workers contribute to a healthy bottom line. However in KZN, we have some way to go as minimum salary is R850.00 per month and right sizing of contracts is the current order of the day. The majority of the workforce are in the lower echelons and thus must be paid a decent salary. With South Africa increasingly becoming part of the global village, it has become essential for Fedics to be able to compete internationally and find a means of differentiating itself in the global workplace. Fedics belief in empowerment and development of staff at all levels certainly gives them the competitive edge.
5.4.2 Continuous Training

- Cross train the entire staff to be able to assist a customer regardless of their department. When a customer becomes upset they want their problem solved and not to be shuffled between employees that are not empowered or enable to assist them.

- Offer continuous customer service training for your staff and once they are providing good service, continue to train them.

- Utilize role-play situations to assist the staff in recognizing and experiencing both easy and difficult service opportunities. If an employee has a level of comfort with a difficult situation, they will be able to better handle it.

5.4.3 Empower staff

- Establish a system of resources for your staff to serve the customer. Allow them latitude to take the necessary action to provide exceptional service and resolve any issues should a customer become disgruntled. Create a structured system to allow the staff to serve customers.

- Establish a discretionary budget that an employee may access to recover a customer before you lose them. This empowers the employee to right a wrong or create a “memorable” customer experience. This is not advocating large sums of money, but with regards to customer service, a small gesture can go a long way.
▸ Ask the staff what tools would enable them to provide better service. Failing to empower and enable your staff with the necessary tools to serve the customer leaves one with few options other than poor service.

5.4.4 Personal Service

▸ Greet repeat customers by name, if possible.

▸ Creating service that is personal will not only retain customers, but help diffuse difficult situations should they arise, hence create a culture of handshake with customers

▸ Thank your customers for their patronage. It really does make a difference.

5.4.5 Utilizing the word 'Yes' instead of 'No'

▸ Support your staff when they make customer service decisions. Create an atmosphere whereby an employee can act without concern for repercussion, as long as they are meeting a customer’s need. This creates a greater willingness to serve the customer.

▸ Often times you could say ‘no’ to a customer, however, ‘no’ can have huge implications on the business. One should include the following sentence in Customer Service: Are you willing to potentially lose 10 customers as result of the ‘no’ interaction?

5.4.6 Offer a solution

▸ Shift from the problem to the process for resolution.
➢ Offer a choice between several options.
➢ Put yourself in their place.
➢ Involve the customer in determining the solution.
➢ Clearly explain any limitations that exist.
➢ Recognize your staff members for outstanding service

➢ Implement a customer service awards program that recognizes employees for exceptional customer service. Try something different; break the mold. Be creative and generate a little excitement in the workplace for customer service.

➢ Take the time to acknowledge employees at staff meetings. People want to leave their mark and feel that they matter. Taking the time to recognize them in front of their peers can make a real difference.

5.4.7 Customer Communication

The best way to find out if there are satisfied customers is to ask them. Formal efforts could include customer surveys, questionnaires, interviews or comment/suggestion cards. Informally, get out and talk with the customers and the staff. Ask them how they feel about service that is provided. Ideally, use a combination of both methods.

Most customers do not voice their thoughts, but rather will simply leave and never return.

Most consumers continue doing business with people and businesses that give good service. One might not say anything, but one rewards good service providers with continued and repeat business. If the service is outstanding, one will probably tell their friends and colleagues about it. Likewise, when one receives poor service, one would vote, not with one’s voice, but with one’s feet, one would just leave.
Superior customer service is one of the most difficult deliverables facing the business world today. Selling service is the easy part, delivering on that promise offers a tremendous challenge.

5.5 CONCLUSION

At present, the South African catering market is valued at R4.3 billion. State tenders and parastatals alone account for R1.18 billion, of which 80% is still in-house. Other business segments such as healthcare, education, leisure, and business select, industrial, mining and site services show a strong willingness to outsource soft services. The two primary operating companies in the Tsebo Group are well poised and competitively positioned to meet the ever-changing needs of the existing and new clients and through outsourcing, improve the clients' overall efficiencies.

It's not about what we think. Success for us is obviously that you need to make your margins; your financials need to be in place and your staff needs to be happy. But you can have all that and your client might not be happy. So from a client's perspective he wants to see his customers happy. In a five-star environment there are certain service elements that just have to be there - it's not negotiable. And the way to do that is to be consistent, make sure that your service levels are what they should be, that your product is exactly what they want, that you're friendly, and the price is right. And then go a little bit further to surpass your client's expectations.

Accomplishing the tasks of attention to detail, giving customers what they want, personalizing the service, and making them feel special will make you stand out. The way to ensure superior quality is if your service is there, if your consistency is there, if your product is right, and then you drive that little bit extra for complete customer satisfaction. This will foster relationships and create loyalty of customers and sustainability of the contracts.
Bibliography

Advertising age. 61 (41), 26.
| Internet 1 | http://en.wikipedia.org/wiki |
| Internet 2 | www.beyondphilosophy.htm |
CATERING SURVEY - HELP US HELP YOU

Dear Valued Customer,

This questionnaire is aimed at users and non-users of the canteen in order to investigate their shopping behaviour. Please endeavour to answer the following questions as honestly as possible. Your assistance in this matter is much appreciated.

1. Age
   - 18-25
   - 26-35
   - 36-45
   - 46-60
   - 60+

2. Household Income
   - Less than 1000
   - 1000-3000
   - 3001-6000
   - 6001-8000
   - 8001+

3. Are You
   - Married
   - Single
   - CO-Habiting
   - Other
4. Why do you use the Canteen?

- To purchase Food only
- To purchase food and refreshments
- To purchase food, refreshments and other goods such as airtime, groceries
- To meet friends only
- Other, Please specify: ..............................................................

5. Do you access the canteen website? (Choose one option only)

- Daily
- Weekly
- Monthly
- Not at all
- Periodically, please state frequency: ...........................................

6. Please indicate the items you have purchased and how many times you have purchased it during the last three months. (You may indicate more than one option)

<table>
<thead>
<tr>
<th>Items</th>
<th>Number of Purchases per Day</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 Time</td>
</tr>
<tr>
<td><strong>Food Items</strong></td>
<td></td>
</tr>
<tr>
<td>Western Meal</td>
<td></td>
</tr>
<tr>
<td>Eastern Meal</td>
<td></td>
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<tr>
<td>Ethnic Meal</td>
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<tr>
<td>Special Meal</td>
<td></td>
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<tr>
<td>Toasted Sandwich</td>
<td></td>
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<tr>
<td>Plain Sandwich</td>
<td></td>
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<tr>
<td>Hamburger</td>
<td></td>
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<tr>
<td>Chips</td>
<td></td>
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<tr>
<td>Rolls</td>
<td></td>
</tr>
<tr>
<td>Breakfast</td>
<td></td>
</tr>
<tr>
<td>Items</td>
<td>Number of Purchases per Day</td>
</tr>
<tr>
<td>---------------</td>
<td>----------------------------</td>
</tr>
<tr>
<td>Resale Items</td>
<td></td>
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<tr>
<td>Minerals</td>
<td></td>
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<tr>
<td>Juices</td>
<td></td>
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<tr>
<td>Milk</td>
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<tr>
<td>Cakes</td>
<td></td>
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<tr>
<td>Cigarettes</td>
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<tr>
<td>Pharmaceuticals</td>
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<tr>
<td>Crisps</td>
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<tr>
<td>Sweets</td>
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<tr>
<td>Chocolates</td>
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<tr>
<td>Peanuts</td>
<td></td>
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<tr>
<td>Airtime</td>
<td></td>
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<tr>
<td>Toys</td>
<td></td>
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<tr>
<td>Magazines/Newspapers</td>
<td></td>
</tr>
</tbody>
</table>

7. Have you bought from the canteen?
   - [ ] Yes
   - [ ] No

8. Please indicate to what degree each of the following factors relating to purchasing from the canteen/diningroom have influenced your decision to buy.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Strong Influence</th>
<th>Less Strong Influence</th>
<th>Average Influence</th>
<th>Poor Influence</th>
<th>No Influence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buying from the canteen saves you money</td>
<td></td>
<td></td>
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<tr>
<td>Buying from the canteen is convenient</td>
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<tr>
<td>There is a greater variety available</td>
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<tr>
<td>Customer Service is good</td>
<td></td>
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<tr>
<td>Hot Meals are readily available</td>
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<tr>
<td>Quality of food is good</td>
<td></td>
<td></td>
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<tr>
<td>Ambiance of diningroom is friendly</td>
<td></td>
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<tr>
<td>Quantity of food is ample for price paid</td>
<td></td>
<td></td>
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<tr>
<td>Friends influence you to purchase from canteen</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
9. Please indicate to what degree each of the following factors relating to purchasing from the canteen/diningroom have influenced your decision or would have influence your decision to NOT purchases from the canteen/diningroom.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Strong Influence</th>
<th>Less Strong Influence</th>
<th>Average Influence</th>
<th>Poor Influence</th>
<th>No Influence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor and/or lacking of Customer Service</td>
<td></td>
<td></td>
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<tr>
<td>The atmosphere and ambiance of the diningroom is lacking</td>
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<td></td>
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<td></td>
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<tr>
<td>Service is slow</td>
<td></td>
<td></td>
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<tr>
<td>Cash Register problems are frequent</td>
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<tr>
<td>Merchandise may be of inferior quality</td>
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<tr>
<td>Prices are too high</td>
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<tr>
<td>Canteen is dirty</td>
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<tr>
<td>Tables are not cleared speedily</td>
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<tr>
<td>Cashiers are slow</td>
<td></td>
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<tr>
<td>Staff Attitude is poor</td>
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<tr>
<td>Staff knowledge of menus and products are poor</td>
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<tr>
<td>Taste of Food</td>
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<tr>
<td>Healthy type meals, e.g. salads, rye bread</td>
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<td></td>
<td></td>
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<td></td>
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<tr>
<td>Payment facilities being cash only</td>
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</tbody>
</table>

10. It is easier to bring a lunch pack from home than to visit the canteen to purchase food.

Strongly Agree [ ] Agree [ ] Indifferent [ ] Disagree [ ] Strongly Disagree [ ]

11. I prefer to buy only resale items

Strongly Agree [ ] Agree [ ] Indifferent [ ] Disagree [ ] Strongly Disagree [ ]

12. If I see a special at the canteen, I would purchase it instead of bringing lunch from home

Strongly Agree [ ] Agree [ ] Indifferent [ ] Disagree [ ] Strongly Disagree [ ]

13. I prefer to buy a branded product rather than buy unfamiliar brands which are equally priced

Strongly Agree [ ] Agree [ ] Indifferent [ ] Disagree [ ] Strongly Disagree [ ]

14. It would be easier to order items and have them delivered to my office or work area, if allowed.

Strongly Agree [ ] Agree [ ] Indifferent [ ] Disagree [ ] Strongly Disagree [ ]
15. Would you prefer a loyalty program where your support of the canteen is rewarded by you qualifying for lucky prizes, free meals and cooldrinks?

Strongly Agree □  Agree □  Indifferent □  Disagree □  Strongly Disagree □

16. What would you like to see in the canteen that would influence you to buy more, or that would make your visits to the canteen an enjoyable one.

Thank-you for your time, we value your feedback.