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THE SUDDEN FALL OF A POPULAR FAST FOOD CHAIN: EVIDENCE FROM SOUTHEAST ASIA

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ABSTRACT
Food is a basic everyday need and because of that food businesses are considered to be a lucrative business who will always be in demand. Majority of the population today are so busy that they are unable to cook their own meals due to lack of time, making people prefer to buy food from fast food chain restaurants.

During this trying times it is hard to find anything positive out of the pandemic because there is no doubt that the Covid 19 pandemic's negative effect is unmatched. One basic rule in business is that we must look for opportunities in every situation. Having the right mindset will show you that the pandemic did not only brought its negative effect but alongside with it are strengths that need to be tapped and explored.

If there is one thing permanent in this world, that is change, businesses should always strive to improve their services and be prepared on what is about to come.

Keywords:
Lucrative, chain, positive, opportunities

INTRODUCTION

In the Philippines food business are expanding for almost half a century. As the population increases the demand also rises. Considering that eating is a part of our daily lives, from the morning breakfast, lunch, break time, dinner and up to midnight snacksthere is always a growing demand for food. Street from street fast food chains are popping out everywhere continuing their expansion.

During the Covid-19 pandemic, food businesses in Southeast Asia are affected and one of the popularfood business losses amounted more than200 million USD from January to September 2020 only. Global sales fell more than 20% three quarters alone, amounting to more than 2 billion USD.

Businesses are now challenged not only to adapt but also improve their performance in the new normal wherein every decision to re-engineer is crucial because a simple error could risk the entire business.

STATEMENT OF THE PROBLEM

Due to the heavy impact of the Covid-19 in the Philippines the economy stumbled resulting to huge amount of losses to the players in the food business industry. Fast food chains is one of the most affected business not only in the Philippines but also the whole Southeast Asia.

The government through the IATF implemented quarantine protocols in an attempt to control the Covid-19 cases in the Philippines. Hoping to manage the situation, government authorities implemented community quarantine and lockdown. During those periods, fast food restaurants are faced with different problems, including lesser number of customers, shifting and shortened operating hours, limitation in dine in capacity, the need to reduce workers, rentals, and other economic factors.

There is no exception as to the devastating effect of the pandemic large or small, no matter what business industry, and even the most profitable ones suffered. Those who can't cope up with the situation are forced to shutdown operations and some even to declare bankruptcy.

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CAUSE OF THE PROBLEM

By limiting the operating capacity, the government's community quarantine crippled the food business industry. At some point during the quarantine even the whole dine in operations are prohibited resulting to lesser customer traffic and tremendous amount of losses to businesses.

Unfavorable Overheads

Monthly rentals is a huge factor considering that the location of the different franchise are situated in strategic and prime location wherein the rentals comes with a price and even if there is no operation the payment still accrues. Gaining profit or not, expenses continues to pile up for the business.

Economic Breakdown

Covid 19 pandemic crisis resulted to people losing their jobs, under performance of businesses, layoffs, no-work no-pay schemes and other economic factors that limited the consumer's power to purchase. It also means that the food business will have less work requirements to employees that resulted to reduction of work hours and even job losses.

Lower Revenue Turnover

Before the pandemic, this restaurant is the most sought after and one of the most heavily crowded food establishment in the region. Now even with online platforms already in place, the sales performance in 2020 did not even reach half of the revenues it posted in 2019.

Combining every problem above is a perfect recipe for a disaster for the food business industry. It is a challenge for every business to survive and continue their operation.

COURSE OF ACTION

Platform adjustment

The pandemic situation changed the economic landscape making businesses adjust to a whole lot different market environment. The Popular Food Business used its assets to adjust its operation including business transformation and huge upgrade in technological platform to reach out to its customers since the dine in or walk in customer has been limited by the government authorities even up to the point that only takeouts are allowed at some point. Spending money for the improvement and upgrade in its technological platform is a crucial decision because of the resources that it requires in a time wherein there is no income being generated by the business. The brave move however quickly paid off later helping the business back in gaining again after three quarters.

Cutting down expenses

The company also decided to close some of it stores to cut down expenses and by providing a work scheme suitable to its need. This move is no different from "Jettison" in case there is a ship having troubles or about to sink the right thing to do is to sacrifice some of its cargo and unload some for the purpose of buying time or saving the entire ship. By closing down some branches it reduced the cost of operation and expenses putting the company in a better place to make necessary adjustments.

International Expansion

Despite the changing market environment the company also continued its expansion in different countries penetrating new market and gaining new customer. Although this might be a questionable move, the financial depth of the company made this possible and based on the response of the government to the pandemic the move seems to be a right decision because it will allow the company

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to thrive and do business wherein the pandemic situation has been already controlled. Not only depending on the Philippine market, the company can focus on emerging and growing markets allowing them to generate profit while waiting for the country's economy to recover.

Aggressive marketing to encourage online orders in TV and Social Media

The restriction to travel and other travel limitation intended to control the flow of the pandemic reduced the customer traffic.With a few things to do at home almost everyone's attention are focused on their smart phones and people are now tuned to their social media accounts more than ever. The company must capitalize the opportunity and engage with the customer through aggressive marketing in social media and TV to encourage more orders. The online platform is now crowded with potential market and to reach out to them would be a great boost for the business.

CONCLUSION

"It is not the strongest of the species that survive, nor the most intelligent,
but the one most responsive to change"
- Charles Darwin

The quote above sums up the effect of the Covid 19 pandemic in the business world. Businesses have to adapt to the pandemic situation if they want to continue their operations, otherwise they will suffer the same outcome wherein different companies are left with no option but to stop its operation.

Fortunately for the company being discussed they have the capacity and a solid capital depth to adapt to the situation and reorganize their operations so that they can continue operating and at the same time maneuver their business back to making profit again after losing a tremendous amount of money for three quarters.

RECOMMENDATION

The decision of the company to expand in other country is a commendable move since it is clear that based on their government's response the market will have a hard time and longer period to recover, depending on the current market would not be a good move thus it is the right thing to do to expand and explore other opportunities in countries wherein the pandemic situation has been already handled.

The company should also consider that different stores and businesses are closing down or stopping their operations for good and opportunity again arises out of this situation. Some of the business mentioned above are located in prime strategic location, locations that would never be vacant if the pandemic did not happened. The good thing to do regarding the situation is for the company to bargain and secure this locations already while they are vacant because for sure things will eventually go back to normal and it is better for the business to be ready and already be in position when that time comes.

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