



**THE DEVELOPMENT OF FRANCHISE FAST FOOD
RESTAURANT IN MALAYSIA : THE VIEWS OF
CONSUMER ON KUCHING MARKET**

SPREE BIN AWANG MORSHIDI

2004277602

**BACHELOR OF BUSINESS ADMINISTRATION
WITH HONOURS (MARKETING)
FACULTY OF BUSINESS MANAGEMENT
MARA UNIVERSITY OF TECHNOLOGY
KOTA SAMARAHAN SARAWAK.**

APRIL 2007

TABLE OF CONTENTS

Title of Project Paper	i
Declaration and Copyright	ii
Letter of submission	iii
Approval Page	iv
Acknowledgement	v
Table of Contents	vi /vii
List of Tables	viii
List of Figures	ix
List of Definitions of terms and Abbreviations	x
Abstract	xi
1.0 INTRODUCTION	1
1.1 Background	2
1.2 Problem statement	9
1.3 Objective of study	10
1.4 Scope of study	11
1.5 Significant of study	11
1.6 Limitation of study	12
2.0 THEORITICAL FRAMEWORK	13
2.1 Literature review	13
2.2 Conceptual model	19
3.0 RESEARCH METHODOLOGY	21
3.1 Primary data	21
3.11 <i>Population and sample</i>	22
3.2 Secondary data	24
3.3 Method of data analysis	24
3.31 <i>Statistical Package for Social Science(SPSS)</i>	24
3.32 <i>Cross tabulations</i>	24
3.33 <i>Likert scale</i>	24
3.34 <i>Pilot test</i>	25

ABSTRACT

This study would attempt to scrutinize the development of the franchise fast food restaurant business in Malaysia after 10 years of inception of the Franchise Development Program in 1992. Since then the development of this industry has been growing steadily. The measurement of development would include the numbers of restaurant available, the franchisor, the franchisee, the support agencies, the suppliers, the customers, the growth of foreign or homegrown franchise and many more.

This study would also attempt to analyze the views of consumers on the franchise fast food restaurant business in Kuching city. It would be interesting to find out the reasons why there are some franchise restaurant businesses that are popular in other cities and countries through the globe have failed in Kuching.

1.0 INTRODUCTION

Franchise business is one of the most dynamic businesses ventured in developed nations and is increasingly popular in developing nations. It has been a popular expansion strategy for companies to market its product and services throughout the globe. It has become a dominating force in the distribution of goods and services in the United States. According to a research that was conducted in United States in 1994, 35% of the total retail sales were secured through franchising. Accordingly, there are more than 550,000 franchise outlets that accounted to annual total sales of more than US \$ 800 billion (Abdul Rahman Husin, 2001).

In Malaysia, the concept of franchising is not new. The franchise business has emerged as early as 1930's with the establishment of Bata shoe outlet before the Second World War, Gradually it expanded to other types and goods and services with the existence of Singer Sewing Machine Company, petrol stations and car dealers in the late 1950's and fast food restaurant in the early 1970's. The franchises mentions above are mostly foreign origin. Their success in Malaysia has helped to boost Malaysian economy. In 1986, the market size of franchise business in Malaysia contributed to about USD \$ 154 million (RM 383.46 million) (Noraini Ibrahim, 2002).

2.0 THEORETICAL FRAMEWORK

2.1 Literature review

In the Food Service Operations (Peter Jones, 1990), the startling growth of the sector and diversification into new product areas has been result of 4 factors. They are;

A change in eating habits -people are tending to spend less time eating lunch and there is a modern preoccupation with eating less

The growth of teenage market-teenagers represents a significant percentage of the population and they are less conservative in their eating habits and more likely to accept convenience products

34% of the working population is women and this group does not have time to prepare meals

Due to the influence of US firms whereby the market has reached a saturating point in the US.

In Malaysia, the government had introduced the alternate Saturday off in the year 2000 for civil servants and most private companies subsequently followed the move. This move has shortened the normal lunch break. The shortened break may have caused the working population to eat out for a quick and quality food.