

ALL YOU NEED IS LOVE AND....COOKIES

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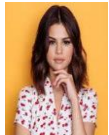
Prologue

10th December 2006, Monday, 13.40, Railway Station

A railway station is a place where trains stop. Here people, who have to alight, get down the train and those who have to go, get into the train. Along the railway lines there are several platforms. Jadyn noticed a girl there also. They both were waiting at this stop for what seemed too long. Jadyn started to look around at the schedule for the train he was waiting for. He was about to leave to go there and thought wait, he approached the girl and said:



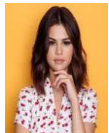
: Hey Suri! How are you?



: Hi Jadyn. (*She surprised*) Sorry I didn't notice you. Anyway, I'm fine, thanks you! How are you? Where are you going?



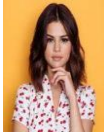
: I'm going to Penang. I heard that you got the first prize in painting competition. Congratulations!



: Thank you, Jadyn. Please have some cookies.



: Thank you, Suri. (*He eats one*). Wow, it's very tasty. It is cookie from Famous Amos, right?



: Yeah, you right. My mom always keeps these cookies in fridge because she knows I love these cookies.



: Oh! That is the reason why you have chubby cheek.



: Come on! Don't tease me, dear. These cookies are really delicious! I just love them.



: I think it easy to win your heart. I just buy many cookies from Famous Amos then we can get married, maybe.



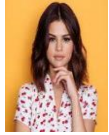
: Hahaha (she laughing). Stop talking nonsense, Jadyn.

(There is an announcement)

“Passengers! Your attention please. Train 2637, Penang from Kuala Lumpur will leave at 14.30 from platform 5”.



: I'm sorry, Suri. My train is about to start. I'll see you later. There is an announcement about your train also. Bye! Take care. I hope to see you once again.



: Yeah sure. Have a safe journey. Take care. Bye



: *Maybe one day we'll find that place, where you and I could be together and we'll catch our dreams within the waves change. So, smile for me last time and believe that we'll meet again* (He was whispering and take a step to the platform).

BODY OF THE CASE

Wally Amos, famed entrepreneur and founder of the Famous Amos chocolate chip cookie brand, was born on 1st July 1936 in Florida. Amos was sent to New York City to live with his Aunt Della, who often baked homemade chocolate chip and pecan cookies.

In 1967, Amos moved to Los Angeles, where he struggle to set up his own personal management company. Burdened with the debt of his failing business, Amos began to take comfort in baking chocolate chip cookies. Using a modified version of his Aunt Della's recipe, he planned to open the first freestanding store.

Famous Amos serves the consumer with its finest and freshly made cookies. They believe in making the chip for the future generation. It also recognized as the best chocolate chip cookies in the world. Their cookies also meet the needs and wants of the audience.

Famous Amos targets audience are mainly the cookies and chocolate lovers. The one of successful marketing of Famous Amos is **segmenting consumer market through market segmentation**. Famous Amos also uses **SWOT analysis** in order to strengthen their business. Apart from that, Famous Amos also involving in **corporate social responsibility (CSR)** by donating and charity to help people.

Famous Amos continues to provide its customer with the delicious sweet treats. They make sure that they always meet the standard of its customer by their performance in providing the finest in freshly baked cookies. They also continuously rolls-out new product and **packaging design** their competitive position. Famous Amos also adopted **marketing mix** to their product.

Famous Amos is widely known in the world. However, it is always good for the company to improve any of its weakness, grab any chances and be prepared in challenge that they will face and always be innovative that will strengthen their competitive position.

EPILOGUE

10th December 2016, Saturday, 20.30, Pullman Kuala Lumpur City Centre Hotel and Residences



: Suri. Do you still remembered this day?



: Huh? What happened to this day?



: Are you serious you cannot remember this day? Train station? Famous Amos?



: Yeah, of course I remember dear. Everything starts with lovely Famous Amos. (*She laughing*)

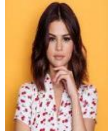


: Look! I made a surprise for you.

Suri was surprised when two guys bring a big cookies cake to the table. A tear falls from her eyes. She so touched.



: Suri, I want all of you, forever. You and me, everyday. You are not only my love but you are my soul. You complete me. I love you.



: Yeah, I love you more than cookies, Jaden.

They see a lot of people coming and congratulated to their wedding. They look so good together.

INSTRUCTION MANUAL

CASE STUDY	<p>Famous Amos is one of the most recognizable cookies brands in the world and its products are positioned as premium quality. This idea was initiated by Wally Amos in 1975. The Famous Amos Chocolate Chip Corporation (M) Sdn Bhd currently operates over 50 successful Hot-baked stores in shopping malls and airports in West and East Malaysia and sells chocolate chip cookies as well as muffin, drinks, ice cream and so on. In addition, a dedicated team provides customers with expert advice and technical training. The objective of this case study is to identify the factors that cause the store able to compete with other cookies stores. This case study was collecting public date such as printed media and store's website. The findings of this study showed that segmenting market, SWOT analysis, CSR and marketing mix of this business to survive today.</p>	
OBJECTIVE OF THE STUDY	<ol style="list-style-type: none">1) To study the establishment of Famous Amos in Malaysia2) To determine the factors that contributes to the growth of Famous Amos3) To determine the strategies adopting by Famous Amos	
BASIC PEDAGOGY	COURSE	BKN3163 ORGANISASI PERNIAGAAN

	LEVEL	DIPLOMA
	POSITION IN THE COURSE	CHAPTER 7
	PREQUISITE	NONE
RESEARCH METHODOLOGY	Collecting secondary data. Printed media and store's website.	
DISCUSSION QUESTIONS	<ol style="list-style-type: none"> 1) In a short essay, explain how Famous Amos started business in Malaysia. 2) Segmentation is the process of dividing a market into smaller segments. There are four basic market segmentation strategies in Famous Amos. Explain each of the following: <ol style="list-style-type: none"> a) Geographic segmentation (answer must be in Malaysia segmentation) b) Behavior segmentation c) Demographic segmentation d) Psychographic segmentation 3) Identify SWOT analysis of Famous Amos. 4) Explain marketing mix adopting by Famous Amos in Malaysia. 5) Explain one of CSR made by Famous Amos. 	
SUGGESTED RESPONSE	<ol style="list-style-type: none"> 1) Famous Amos was incorporated in Malaysia as a private limited company, acquired by DKSH Holdings (Malaysia) Berhad (formerly known as Diethelm Holdings (Malaysia) Berhad) in January 1997. DKSH Holdings (Malaysia) Berhad is an investment holding company listed on the Kuala Lumpur Stock Exchange since 1994 under the 	

	<p>Companies Act, 1965 on 9 November 1983. It is the franchise holder of the "Famous Amos" chocolate chip cookie in Malaysia.</p> <p>The Famous Amos Chocolate Chip Cookie Corporation (M) Sdn Bhd currently operates over 50 successful Hot-baked stores in shopping malls and airports in West and East Malaysia and sells chocolate chip cookies as well as muffins, drinks, ice cream and an extensive range of confectionery items. The chain is constantly expanding and has outlets at Kuala Lumpur International Airport and the airports of Kuching, Miri and Kota Kinabalu. The Food Ingredients unit caters to manufacturers of beverage, confectionery and biscuits as well as to fast food establishments. In addition, a dedicated team provides customers with expert advice and technical training.</p> <p>2) i) Geographic segmentation is market segmentation strategy whereby the intended audience for a given product is divided according to geographic units, such as nations, states, regions, counties, cities, or neighborhoods. Famous Amos opened all around the world such as Los Angeles, Singapore, Malaysia and so on. In Malaysia, almost the shops or stores are opened in the hypermarket, malls and airport such as Queensbay, Gurney Plaza at Pulau Pinang, KLCC, Berjaya Times Square at Kuala Lumpur, Kinta City at Ipoh, City Square at Johor Bharu and many more. This is because of the locations have higher density of higher level income of population and foreigners.</p> <p>ii) Behavior segmentation is market segmentation strategy whereby the division of the target market is made according</p>
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	<p>to the patterns in which the people in the market live and spend their time and money. Buyers in a market will differ in their wants, resources, locations, buying attitudes, and buying practices and any of these variables can be used to divide a market. For example, Famous Amos has offered some gifts such as cookies in gift packs, hampers, chocolates, hamlets, brownies and muffins, gummies and candies for any of the festivals or occasions. This is very convenience for customers when have any festivals or friends' birthday, that can buy Famous Amos products as the gift or presents.</p> <p>iii) Demographic segmentation is market segmentation strategy whereby the intended audience for a given product is divided into categories based on demographic variables (demographics). Demographic segmentation is the most popular basis for dividing groups, primarily because consumer usage and wants or needs usually match demographic categories, but also because demographic variables are easy to measure and obtain. Age and life cycle segmentation is a form of demographic segmentation. The Famous Amos cookies are focusing on children, younger, foreigner or office staff. Their customers almost are higher income level and have well occupations. Their cookies attract the children so much as it is munchable, crunchy and sweet. It is suitable for the taste of children and younger. Besides, it also offered some kinds of muffins and brownie to these kinds of lovers.</p> <p>iv) Psychographic segmentation is market segmentation strategy whereby the intended audience for a given product is divided according to social class, lifestyle, or personality</p>
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characteristics. Famous Amos segment markets by consumer lifestyles, promoting their cookies and products as expressions of those lifestyles, such as chocolate chip cookies and sandwich cookies which offered by Famous Amos are favor of the chocolate, sweets and cookies lovers. The chocolate cookies is one part of their lives.

3) SWOT analysis

i) Strength

- Brand history : most familiar with Famous Amos as a brand
- Taster and product quality: cookies are made fresh with quality ingredients
- Reliability and brand awareness: in Malaysia, people immediately associate cookies with Famous Amos.

ii) Weakness

- Outdated brand image and brand personality.
- Lack of innovative, fresh ideas such as advertising and marketing.
- High sugar content in cookies

iii) Opportunities

- Increasing customizability factor to engage with consumers
- Widening offerings to appeal to a more diverse customer base

- Cultivating a more modern brand personality and image.

iv) Threats

- Clean eating movement: societal and marketing trends heading towards using raw, organic ingredients.
- Customers might start rejecting sugar-laden cookies
- Other brands with more dedicated marketing strategies might eat into Famous Amos share.

4) Marketing mix (4P's)

i) Product

The product is the physical product or service offered to customer. In the case of physical product, it also refers to any services or conveniences that are part of the offering. Product decisions include aspects such as function, appearance, packaging, service, warranty, etc.

There are nine varieties of chocolate chip cookies for example chocolate chip with pecans, chocolate chip no nut with extra chips, butterscotch chip with pecans, oatmeal with cinnamon and raisins and others which are freshly baked throughout the day in each of this Hot-baked store. By using the best ingredients, like semi-sweet chocolate chips and flavorful nuts, these homemade tasting cookies became famous just by word of mouth. The "Free Smell "from Hot-baked store has been an irresistible

aroma of freshly baked cookies to be enjoyed by true cookie lovers everywhere.

Besides, Famous Amos has also introduced "soft & chewy cookies" with variety of flavor for cookies lovers who indulge in freshly baked soft cookies. Muffins, brownies, chocolate, confectionery pick and mix are complementary products commonly found in Famous Amos outlets. Readily packed and customized gifts hampers are also ever available.

Famous Amos has been transformed to a cookies boutique with a selected range of cookies gift tins and wide variety of gift packaging. All gift packaging are also complimented with selected imported chocolates and premium mugs which are creatively packed into unique gifts. Exclusive hampers are always available throughout the year and festival hampers for example Chinese New Year, Hari Raya, Deepavali, Christmas and others. In addition, Famous Amos also caters for all private and corporate functions for occasions such as parties, picnics, dinners and social gatherings of all kinds:

- Cookies
- Soft cookies
- Chocolate Chip with Pecans
- Chocolate Chip No Nut with Extra Chips
- Butterscotch Chip with Pecans
- Oatmeal with Cinnamon and Raisins

- Chocolate Chip with Macadamia Nuts
- White Chip with Macadamia Nuts
- Double Chocolate Chip with Pecans
- Chocolate and White Chocolate Chips
- Macadamia Cookie
- White choc toffee caramel
- Triple choc chunk
- Double choc caramel coconut
- Muffin
- Brownie
- Muffin top
- Muffin orange pineapple
- Choc chip brownie
- Baked brownie

ii) Price

Price is the amount of money charged for a product or service. It can also be define through a more broadly way which price is the sum of all of the values that consumers give up in order to gain the benefits of having or using the product or service.

There are two ways for a company to set the price which is cost-based pricing and value-based pricing. Cost-based pricing is set

price based on the cost of producing, distributing and selling product at a fair rate of return while for value-based is set price based on buyers' perceptions of value rather than the seller's cost. In this case, Famous Amos is using value-based pricing because it creates value to their customers based on their qualities. Although price of products of Famous Amos are relatively high but they have its values. Its values will satisfy consumer needs and wants.

The price charge is based on its weight of the cookies. For example, 100g of chocolate chips with pecans is RM7.90. Different kinds of cookies might charge in a different price. For example, with the same weight of 100g, double chocolate chips with pecans are RM8.90. While for other products like soft cookies and muffins is charge RM4.30 and RM3.90 per piece respectively. Muffins top will cost RM3.90 and muffins orange pineapple is RM5.50.

The cookies are tasty. Therefore, Famous Amos has a good feedback from customers after they had tasted. The reason behind of the tasty cookies is they still carry on the traditions of their founder-baker and use the original recipes and the finest ingredients to bake the cookies.

Pricing decisions should take into account profit margins and the probable pricing response of competitors. Pricing includes not only the list price, but also discounts, financing and other options such as leasing. Price is the amount of money consumers pay to a product. It is only element of the marketing mix that produces revenue; all other represent costs.

iii) Place

Place decisions are those associated with channels of distribution that serve as the means for getting the product to the target customers. The distribution system performs transactional, logistical, and facilitating function.

Place or distribution, encompasses all the activities that move a firm's product from its place of origin to the customer. A distribution channel is the route a product takes from the place it is made to the customer who is the end user. The first choice a firm has to make regarding distribution is whether to sell its products directly to consumers or through intermediaries such as wholesalers and retailers.

Famous Amos is one of the well known retail shops in the world. It sells products to the customers to fulfill their needs and wants. Famous Amos is a selective distribution where the target customers can get the product from Famous Amos kiosk located in shopping mall and airport. The retail shops will mostly situated at the place that customers will easily buy it. Besides, Famous Amos is using direct marketing channels. There have no intermediaries between Famous Amos and the customers as their cookies is baked fresh daily in their hot-baked store. Therefore, they can directly provide cookies to their customers to achieve highest value of their customers. In addition, they are also using indirect marketing channels. This is because Famous Amos also sells cookies in selected supermarket like Cold Storage, Tesco, and Aeon.

iv) Promotion

	<p>Promotion refers to activities the firm takes to communicate the merits of its product to its target market. Ultimately, the goal of these activities is to persuade people to buy the product. The two most common activities to promote their firms are advertising and public relation.</p> <p>Promotion decisions are those related to communicating and selling to potential consumers. Since these costs can be large in proportion to the product price, a break-even analysis should be performed when making promotion decisions. It is useful to know the value of a customer in order to determine whether additional customers are worth the cost of acquiring them.</p> <p>Famous Amos is using kiosk marketing where this is convenient to the customers and they can get the products easily. Besides, by using kiosk marketing, Famous Amos can obtain immediate response from the customers and it is an effective way to build customer relationships. Most of Famous Amos kiosk is located in shopping mall and airports. In addition, Famous Amos is also using business-to-consumer (B2C) online marketing which businesses selling goods and services online to final consumers. It is a more convenient way for consumers to purchase the products through online service. Once customers transact through pay pal the goods will delivery within the period of time they promise. B2C benefits to consumers as it is a ready access to wealth of comparative information and it is immediate and interactive. Furthermore, Famous Amos also has created an online social network through Facebook. They have created a fans page in Facebook and they will regularly update the page and share the latest information with their customers.</p>
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	<p>On the other way, Famous Amos promotes their products through sampling test. They will first let the consumers try out their cookies and convince customers to purchase their goods. As the ingredients using by Famous Amos is the best, therefore people tend to introduce their products to their friends and family. With the word of mouth marketing, more and more people will try on Famous Amos's products. Word of mouth marketing is one of the most powerful promotion strategies as customers will only introduce the products to their friends and family if they are satisfies with that product. Therefore, this is the reason that Famous Amos became so famous.</p> <p>Besides, Famous Amos also promotes their brand through sponsors a movie "Burlesque". This not only can increase the brand name of Famous Amos, it will also raise customer awareness of their product. Last but not least, Famous Amos also will do charity by donate money and give cookies to the orphanage home. This is the way of public relation, building good relation with the firm's various publics by obtaining favorable publicity, building up a good corporate image, and handling or heading off unfavorable rumors, stories, and events.</p> <p>5) Famous Amos also involving in corporate social responsibility by donating and do charity to help people. For example, Famous Amos managed to raise RM7, 000 during their charity sale at Sunway Pyramid last December 2010 and all funds was donated to Rumah Hope. On top of that, kids were each given a goodie bag while caregivers received a hamper as a gesture of appreciation for their effort.</p>
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