

# Takoyaki Express: Looking to Take the Next Step

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## Prologue

It is a quiet evening in the Jeli (a town in Kelantan); Shukri and his wife enter the Little White Café and order their milkshakes to enjoy the evening together. While Shukri and Aliah (Shukri's wife) find a nice place to sit and look into each other eyes.

"Aliah," Shukri exclaimed, his voice filled with frustration, "As you know, our annual sales revenue has been declining and reached about RM 500,000 again.

Aliah looked at her husband's face and reflected, "That is really sad, but you may remember that the revenue of our business has stepped from RM 500,000 in 2019 and reached about RM 1.5 million by the end of 2020".

Aliah continues, "Because of COVID-19, our sales were coming from an online store, and we were able to attract a good customer base from online sales".

Shukri uttered, "Our sales are dropping, and I am worried about the decline in sales. I have been trying to analyze and understand the decline of sales."

Aliah pointed out the things as "it could be the changing preferences of consumers, market change, or maybe the pricing that we need to look into. However, keep in mind that would be another challenge that can lead us to another opportunity."

Shukri looks at Aliah affectionately, "Thanks for being supportive, my dear, with your insight, help, and dedication. I am confident that we can emerge stronger from this worrisome situation.

Aliah nodded expressing her understanding on this matter. "We need to do something and change our strategy," she responded sincerely. "Just like other entrepreneurs when they were just starting, we both tried hard to build our business. "You are right, Aliah. Let us explore the solutions together," Shukri agreed.

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### KEYWORDS

Entrepreneurship, Family, COVID-19, Online store, Sales, Food business.

### Disclaimer

This case is written solely for educational purposes and is not intended to represent successful or unsuccessful managerial decision-making. The authors may have disguised names; financial and other recognisable information to protect confidentiality.

## **Entrepreneur background**

Mohd Shukri bin Mohd Yusuf is 34 years old. He continued his degree in an engineering programme and completed it in 2013, while his wife, Nor Aliah Maisarah binti Ahmad Jailan, has a Degree in economics. Both of them completed their graduation from Universiti Malaysia Terengganu (UMT) in 2014. One year after graduation, they got married.

After completing his graduation, he started his first job as a management assistant from 2013-2017. This role equipped him with managerial discipline, communication skills, and other people skills. In some scenarios, he can handle responsibilities for the chief executive officer (CEO) within an organisation at the same time with a level of professionalism which is a very important element in entrepreneurship.

Shukri came up with the idea of starting his business in 2017, formally starting his business at age 28, two years after his marriage. The working experience gained helped Shukri come up with the concept of Takoyaki Express.

## **Company background**

Shukri believed that the success of one business depends on the ability to deliver food to customers quickly. The less time each transaction takes, the more transactions a business will be able to make during operation. Short waiting time keeps the customers happier and increases their satisfaction.

The name Takoyaki Express was inspired by the desire to get or prepare the food quickly by providing ready-to-eat Takoyaki. Since his method of selling and preparing the Takoyaki process took quite a long time, Shukri and his wife decided to make the Takoyaki at home and freeze them. His business has a wide range of potential clients, and the demand at that time was really good. His business got the attention of many people in the neighbourhood, and he started a business online.

## **Characteristics of an entrepreneur**

For Shukri, most entrepreneurs are risk-takers by nature or, at minimum, calculated visionaries with a clear plan of action to introduce a new product or service to fill a gap in the industry. On a personal level, Shukri takes big risks to resign from his existing job as a management assistant to throw his efforts and money into starting a business.

Furthermore, Shukri also believed that innovation is essential for today's competitive landscape. An entrepreneur must always look for new solutions to innovate because new problems cannot be solved with old solutions. To cater to higher orders from customers, frozen food packaging has to serve several practical purposes, such as protecting the product from spoilage and moisture. It must also be easy to fill, seal, and store and be made from food-grade substrates that are resistant to grease, oil, and water.

## History of Takoyaki

Takoyaki is a type of light food (snack) originating from Japan. It is widely known that it is based on the Japanese word "ta-ko-ya-ki," perhaps due to the habit of Malaysians who watch the Doraemon cartoon series, who are known to enjoy eating Dora-yaki snacks. So the mention of yaki in the back implies that Takoyaki is also a type of food from Japan.

Takoyaki when read, means fried squid or grilled squid. It is a ball-shaped Japanese snack made from flour and cooked in a special takoyaki pan. In Japan, Takoyaki is usually filled with diced squid filling, tempura powder (tenkasu), pickled ginger, and green onions. Takoyaki in Japan is eaten with takoyaki sauce and mayonnaise, then sprinkled with seaweed (aonori) and dried bonito flakes (katsuobushi).

There are many variations of takoyaki recipes. For example, there are areas in Japan that use Ponzu, which is soy sauce with dashi (seafood powder) and lime vinegar. Some put ginger as the filling next to squid. Japan is often associated with street food stalls. However, there are also established and sophisticated takoyaki restaurants, especially in Osaka and the Kansai area. Takoyaki first became popular in Osaka, where a street vendor named Tomekichi Endo. He was credited with the invention of Takoyaki in 1935. Takoyaki is inspired from Akashiyaki, which is a type of "small dipping ball" from the city of Akashi, Hyōgo Prefecture, made from a mixture of egg and squid.

Takoyaki was originally popular in the Kansai area. Then, it spread to the Kanto area and then to other areas in Japan. The word "Yaki" comes from "Yaku," which is one of the cooking methods in Japanese cuisine. Yaki means "to fry or grill." Often, this method uses a flat pan like a burger pan. The word "Yaki" can also be found in the names of other Japanese cuisine, such as teppanyaki, yakitori, teriyaki, and dorayaki. So when one sees the word yaki in food, it should be food that is grilled or fried on a flat pan.

## Takoyaki business in Malaysia

In Malaysia, Takoyaki is generally filled with squid filling and also some other fillings, including chicken, shrimp, crab, and some anchovy filling. In addition to the filling, Takoyaki in Malaysia is filled with cabbage, and some even add spring onions and radishes as additions. Takoyaki sales in

Chinese traders first brought Takoyaki to Kluang Johor in the 90s. Later, Takoyaki grew little by little to be sold in snack kiosks as an additional menu in addition to the sale of waffles, kaya balls, and corn cups. Takoyaki was then popularized by another Chinese who opened a special stall that only sold Takoyaki. The name of the stall is Tako Tao.

Starting from 2003, the founder of Tako tao has started his takoyaki business by creating market validation at Taman Connought Night Market, Cheras. When his market validation was successful, he opened his first kiosk at Shopping Mall in Sungai Wang Plaza. From there, Tako Tao kiosks expanded

to most major cities in Malaysia when the founders managed to secure an agreement with Aeon Mall where most Aeon Mall have Tako kiosks.

In the mid-2010s, another revolution began in the takoyaki market in Malaysia when a couple from Gombak opened their first Takoyaki stall owned by Bumiputera Muslim with a mission to make Takoyaki snack food popular and widely accepted such as Ramly burgers. They named their takoyaki kiosk as Mytakoyaki which uses its own Takoyaki raw materials on a small scale to ensure the purity and halal status of the products used. Now Mytakoyaki has grown with a number of kiosks throughout Malaysia, Kiosk Shopping Mall, Kedai and also Foodtruck.

After about 20 years of Takoyaki entry in Malaysia, Takoyaki is becoming more popular among the community, and the brands of Takoyaki owned by Bumiputera Muslims are also growing.



Figure 1: Takoyaki Cooking

### **Decline in Online Sales**

Just like other entrepreneurs when they were starting, Shukri also struggled to sustain business operations. During the pandemic Covid- 19, the annual sales revenue increased significantly from 2019 to 2020 due to fully online. However, the sales dropped to half a million in 2021. Several factors have been identified due to this trend.

One of them is a shift in consumer behaviour where they seek immediate gratification and more tangible interactions. The COVID-19 pandemic further accelerated this trend, with customer desire for physical interactions after long restrictions. Another contributing factor is an increase in competition. The increasing number of competition makes it difficult for businesses to attract and retain customers. The rise of direct-to-consumer (D2C) brands has had a significant impact on the decline in online sales. These brands have interrupted traditional supply chains by selling their

products directly to customers through their online platforms, removing the need for mediators. By doing so, they can offer competitive prices and build stronger relationships with their target audience.



Figure 2: Takoyaki Express Kitchen



Figure 3: Takoyaki Express team

## Epilogue

Shukri believed that going online is very important for business nowadays. However, he also thinks that the traditional method (offline) should be considered at the same time. Each has pros and cons.

Shukri raised this issue with his wife,

“Aliah, due to the extreme ups and downs, I am planning to expand our business by operating offline. I realized that our business could not survive by operating simply online. However, we will face some challenges to make it a reality.”

Now, Shukri has to decide and take a big step to launch a business offline.



Figure 4: Takoyaki Express brand product