

**RS FRENZY APPAREL:
THE COMPETITIVE ADVANTAGE OF A NEW PLAYER
IN THE SCHOOL UNIFORM INDUSTRY**



REZA SHERMIZI BIN MOHD ADZMI

**UNIVERSITI
MASTER OF BUSINESS ADMINISTRATION**

UNIVERSITI MALAYSIA KELANTAN

MALAYSIA

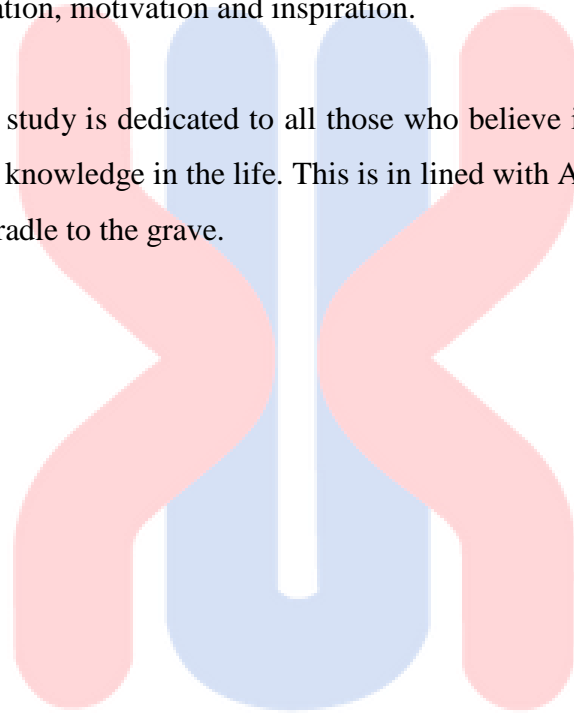
2014
KELANTAN

DEDICATION

This case study is dedicated to my wife and all family members, who have supported me all the way since the beginning of my studies.

Also, this case study is dedicated to my wife, Laila Khalid who has been a great source of cooperation, motivation and inspiration.

Finally, this case study is dedicated to all those who believe in the richness learning and eager to gain knowledge in the life. This is in lined with Arabic proverb; learning process is from cradle to the grave.



UNIVERSITI

MALAYSIA

KELANTAN

EXECUTIVE SUMMARY

RS Frenzy Apparel has been set up as a sole proprietor business owned by Mr. Mohd Shaharunizam B Mohd Shah and targeted to penetrate the market in the uniform apparel industry. The company will introduce an uniform apparel standard outlet with brand “Uniform.my” in Shah Alam, whereas the outlet becomes one stop centre for all the relevant items with uniform apparel such as school uniforms, co-curriculum uniforms, school & co-curriculum accessories, custom made pre-school uniforms, corporate apparel, premium items and embroidery service. In fact, the highly demand on the uniform apparel becomes an opportunities to RS Frenzy Apparel to take a challenges to be a dynamic new player in the uniform apparel industry.

Despite the uniform apparel has a huge market targeted by RS Frenzy Apparel, it has recognized four problems faced by company in order to start up the business. The four problems recognized are product positioning, price determination, marketing plan and business differentiation which RS Frenzy Apparel must improve strongly on their strategic management via gain in competitive advantage to grab some of market share belongs to the existing players or competitors in the market. We know, the existing players such as Profesor, Outpost, Canggih and Swan has been in the market for almost 15 to 20 years and they have many branches in every state throughout Malaysia. Besides, the competitors have a good business management and strong marketing channel to ensure their companies keep on the competitive advantage to sustain in the market.

Therefore, all the problems identified in RS Frenzy Apparel has been given the recommendations in order for company to the additional improvement on the business plan and enhance the business strategy for the company's gain the competitive advantage and competitiveness when entering the market. Alternative solutions to mitigate the problems identified to assist RS Frenzy Apparel strengthen the business strategy. Overall, the implementation plans recommended are based on Ansoff Matrix, 9 Price-Quality Strategies, Porter's Five Forces and Collaboration.



UNIVERSITI
MALAYSIA
KELANTAN

ACKNOWLEDGEMENTS

I would like to thank MARA as my employer for giving me the chance to pursue this opportunity and prove that an Economics student like me can be good in Entrepreneurship.

Also thank you to my parents, beloved my wife and children for their support, encouragement and patience throughout my studies and completion in this case study.

I also dedicated to all the members of the MARA-UMK MBA class of 2012 for their assistance in providing guidance and assistance in completing the case study.

I am heartily thankful to my supervisor, Dr. Wan Mohd Nazdrol Bin Wan Mohd Nasir, whose encouragement, guidance and support from the initial to final level enabled me to develop an understanding of the subject. Furthermore, I would like to extend my thankful to Prof. Dr. Zulkarnain Bin Mohd Sori on the lecture class and extra support for the case study.

Lastly, I offer my regards and blessings to all of those who supported me in any respect during the completion of the case study.

UNIVERSITI
MALAYSIA
KELANTAN

DECLARATION

I hereby declare that the case study is based on my original work except for quotation and citation that have been duly acknowledged. I also declare it has not been previously or concurrently submitted for any other degree at UMK or other institutions.

Signature

REZA SHERMIZI BIN MOHD ADZMI

Date: 1st OCTOBER 2014

UNIVERSITI
MALAYSIA
KELANTAN

TABLE OF CONTENTS

| | Page |
|---------------------------------------|-------------|
| Executive Summary | i |
| Acknowledgements | iii |
| Declaration | iv |
| List of Figures | ix |
| List of Tables | x |
| List of Abbreviations | xi |
| | |
| PART I: Case Description | Page |
| 1.0 The Entrepreneur's Engagement | 1 |
| 2.1 Overview of The Company | 5 |
| 2.2 Company History | 5 |
| 2.3 Company Structure And Management | 7 |
| 3.1 Industry Overview | 9 |
| 3.2 Industry Analysis | 11 |
| 3.2.1 Industry Size | 11 |
| 3.2.2 Market Size | 13 |
| 3.2.3 Malaysia Birth Rate | 13 |
| 3.2.4 Malaysia Population Projections | 15 |
| 3.3 Industry Structure | 17 |
| 3.4 Public Spending On Education | 18 |
| 3.5 Industry Risk | 20 |
| 3.6 Key Success Factors | 22 |

| | | |
|-------|---|----|
| 4.1 | Competition and Market Environment | 24 |
| 4.2 | Competition | 24 |
| 4.1.1 | Current Competitors | 25 |
| 4.1.2 | Potential Entry of New Competitors | 26 |
| 4.1.3 | SWOT Analysis | 27 |
| 4.1.4 | Strength of Competitors | 30 |
| 4.1.5 | Competitive Advantage RS Frenzy Apparel | 31 |
| 4.2 | Market Environment | 34 |
| 4.2.1 | Target Market | 34 |
| 4.2.2 | Market Size and Share | 35 |
| 4.2.3 | Marketing Strategy | 36 |
| 5.1 | The Company Business Model and Financial Projection | 40 |
| 5.2 | Business Model | 41 |
| 5.3 | Financial Projections | 43 |
| 5.2.1 | Cash Flows | 43 |
| 5.2.2 | Income Statements | 44 |
| 5.2.3 | Balance Sheet | 45 |
| 5.2.4 | Ratio Analysis | 45 |
| 6.1 | Strategic Management via Competitive Advantage | 46 |
| 6.2 | Product Positioning | 47 |
| 6.3 | Price Determination | 48 |
| 6.4 | Marketing Plan | 49 |
| 6.5 | Business Differentiation (<i>Green Activity</i>) | 50 |
| 7.0 | Conclusion | 51 |

| PART II: Case Analysis | | Page |
|-------------------------------|--|-------------|
| 1.0 | Case Synopsis | 53 |
| 2.0 | Problem Recognition | 55 |
| 3.0 | Problem Definition | 57 |
| 4.1 | Problem Diagnosis | 58 |
| 4.2 | Product Positioning | 59 |
| 4.3 | Price Determination | 60 |
| 4.4 | Marketing Plan | 61 |
| 4.5 | Business Differentiation | 62 |
| 5.1 | Alternative Solutions | 63 |
| 5.2 | Ansoff Matrix | 64 |
| 5.3 | 9 Price-Quality Strategies | 66 |
| 5.4 | Porter's Five Forces | 68 |
| 5.5 | Collaboration | 70 |
| 6.1 | Evaluation of Alternative Solutions | 71 |
| 6.2 | The Strategy of Product Positioning | 72 |
| 6.2.1 | Market Penetration Strategy | 72 |
| 6.2.2 | Market Development Strategy | 73 |
| 6.2.3 | Product Development Strategy | 74 |
| 6.2.4 | Diversification Strategy | 75 |
| 6.3 | The Effectiveness of Price Determination | 75 |
| 6.4 | Optional of Marketing Plan | 77 |
| 6.3.1 | Competitive Rivalry | 78 |
| 6.3.2 | Threat of New Entrants | 80 |
| 6.3.3 | Threat of Substitutes | 80 |

| | | |
|-------|--|-----|
| 6.3.4 | Bargaining Power of Suppliers | 81 |
| 6.3.5 | Bargaining Power of Customers | 82 |
| 6.4 | Improvement the Business Differentiation | 84 |
| 7.1 | Recommendations | 87 |
| 7.2 | Focusing the Right Market Segmentation | 87 |
| 7.3 | Putting the Competitive Price of Products | 89 |
| 7.4 | Multiple Information of Marketing Plan | 89 |
| 7.5 | Introduce Go Green Kids with Smart Collaboration | 91 |
| 8.0 | Implementation Plan And Conclusion | 92 |
| | References | 96 |
| | List of Appendices | 100 |



LIST OF FIGURES

| No. | Title | Page |
|-----------|---|------|
| Figure 1 | Organization Structure of RS Frenzy Apparel | 7 |
| Figure 2 | Malaysia GDP Per Capita (Purchasing Power Parity) | 10 |
| Figure 3 | Malaysia Birth Rate | 15 |
| Figure 4 | Malaysia Population Projections | 16 |
| Figure 5 | Public spending on Education | 19 |
| Figure 6 | Numbers of Government & Government Aided Schools In Malaysia | 19 |
| Figure 7 | Competitors Location in Shah Alam | 25 |
| Figure 8 | Green Activity by RS Frenzy Apparel | 33 |
| Figure 9 | A Business Model of RS Frenzy Apparel | 42 |
| Figure 10 | Ansoff Matrix Tool | 64 |
| Figure 11 | 9 Price-Quality Strategies Tool | 67 |
| Figure 12 | Porter's Five Forces Tool | 69 |
| Figure 13 | Collaboration Life-Cycle | 71 |
| Figure 14 | Market Penetration Strategy | 72 |
| Figure 15 | Go Green Kids Implementation | 86 |
| Figure 16 | Flow of Recommendation to Implementation Plan | 94 |

LIST OF TABLES

| No. | Title | Page |
|----------|--|------|
| Table 1 | Enrolment of Students in Malaysia | 12 |
| Table 2 | Number of Schools in Selangor | 13 |
| Table 3 | Malaysia Birth Rate | 14 |
| Table 4 | Malaysia Population Projections | 16 |
| Table 5 | SWOT Analysis of RS Frenzy Apparel | 28 |
| Table 6 | The Market Price for Canggih Compared with RS Frenzy Apparel | 38 |
| Table 7 | Income Statements of RS Frenzy Apparel | 44 |
| Table 8 | Financial Ratios of RS Frenzy Apparel | 46 |
| Table 9 | Factors of Increasing Suppliers Power | 82 |
| Table 10 | Factors of Increasing Bargaining Power of Customers | 83 |
| Table 11 | A Right Market Segmentation | 88 |
| Table 12 | A Price Determination by RS Frenzy Apparel | 89 |
| Table 13 | The Implementation of Marketing Mix 4P and Porter's Five Forces | 90 |
| Table 14 | <i>Go Green Kids</i> and Smart Collaboration | 92 |
| Table 15 | Four Recommendations for RS Frenzy Apparel | 93 |

LIST OF ABBREVIATIONS

The following table describes the significance of various abbreviation and acronyms used throughout the case study. The page on which each one is defined or first used is also given. Nonstandard acronyms that are used in some places to abbreviate the names of certain white matter structure are not in this list.

| Abbreviation | Meaning | Page |
|--------------|--|------|
| UiTM | Universiti Teknologi MARA | 1 |
| EMiS | Education Management Information System | 2 |
| MARA | Majlis Amanah Rakyat | 3 |
| BPIP | Industry & Business Development Division | 3 |
| MRSM | Maktab Rendah Sains MARA | 3 |
| BPM | Secondary Education Division | 3 |
| DOSM | Department of Statistics Malaysia | 4 |
| SSM | Companies Commission of Malaysia | 5 |
| GDP | Gross Domestic Product | 9 |
| PPP | Purchasing Power Parity | 9 |
| MIER | Malaysian Institute of Economic Research | 11 |
| MOE | Ministry of Education Malaysia | 11 |
| NRD | National Registration Department | 14 |
| BB1M | <i>Bantuan Buku 1Malaysia</i> | 20 |
| PKNS | Selangor State Development Corporation | 35 |
| ROI | Return on Investment | 46 |
| ROA | Return on Asset | 44 |
| DSR | Debt Service Ratio | 46 |

| | | |
|--------|---|----|
| R & D | Research and Development | 50 |
| CRx | Concentration Ratio | 78 |
| HHI | Herfindahl-Hirschman Index | 79 |
| NGO | Non-governmental Organization | 85 |
| KeTTHA | Ministry of Energy, Green Technology And Water, Malaysia | 85 |
| JKM | Department of Social Welfare | 85 |
| CIC | Children Islamic Centre | 92 |



RS FRENZY APPAREL

1.0 THE ENTREPRENEURS'S ENGAGEMENT

On the morning of Wednesday, 9th July 2014 at 10.00am, the appointment with the owner of the business, Mr. Mohd Shaharunizam Bin Mohd Shah has been set at Papparich restaurant located in Shah Alam, Selangor. While waiting for him, the company profile of RS Frenzy Apparel has went through as much as possible about his business accordingly. He reached at 10.10am accompanied by Mr. Zainal B Rahim, the operation manager of his company. Mr. Mohd Shaharunizam said that, he just came back from having a business engagement with uniform apparel manufacturer for supply the products for his outlet.

He began the session with the statement about *“highly demanding and lack of Bumiputera entrepreneur on the uniform apparel becomes an opportunities to RS Frenzy Apparel took a challenge as a participant in the uniform apparel industry”*. That is why he quit his job and concentrate involve in the business.

Recently, he mentioned that the competitive advantage is the most important things in business to start up and sustainability in the market. Based on his statement, it is supported by our Prime Minister, YAB Dato' Sri Mohd Najib bin Tun Haji Abdul Razak statements in the Bumiputera Economic Empowerment Programmes Launch on 14 September 2013 at Universiti Teknologi MARA (UiTM), Shah Alam, which is *“this meaningful and historical meeting, we name the Bumiputra Economic Empowerment Council. All these, we undertake, to look after the lot of the Malay and Bumiputera*

communities, since the past, presently and forever. The Empowerment of the Bumiputera Economy focused on five major strategies.... Fourth Empowerment Focus: ENHANCING BUMIPUTERA ENTREPRENEURSHIP AND COMMERCE. As we all know, commerce and entrepreneurship are the most important activities to generate income and riches. However, the participation of Bumiputera in such activities is low because of several constraints faced including outdated production technology, lack of access to funds and capital and limited markets”.

So, he took the Prime Minister statement as a challenge to participate in the business. He planned to open the standard outlet for uniform apparel and using “Uniform.my” as a business brand name, whereas it is stand for the one stop centre all the Malaysia product in the uniform apparel such school uniforms, co-curriculum uniforms, school & co-curriculum accessories, custom made pre-school uniforms, corporate apparel, premium items and embroidery service. Furthermore, the highly demanding as mentioned by Mr. Mohd Shaharunizam for uniform apparel also supported by Education Management Information System (EMiS) as at 31st May 2014, where there is an increasing 2% number of students yearly from 5,038,358 students at 2013 to 5,158, 255 students at 2014 with total of 10,134 schools including primary and secondary schools.

After half an hours of an interesting interview, he then proceeds with ordering for a light meals and continue the conversation. He shared that the idea of the business came out since the time that he involved in the entrepreneurship

sector over 10 years at Majlis Amanah Rakyat (MARA) and 4 years experienced as accountant in the private sector. During 7 years positioned in the Industry & Business Development Division (BPIP) at MARA, he was involved in businesses loan financial, development of entrepreneurs, engage and create connection with the players in the various businesses field and being an advisor to the business coaching programme. He said, “I can’t believe on what he planned and experienced before was come true today”.

He also had experienced on supervising and controlling of Maktab Rendah Sains MARA (MRSM) in the Secondary Education Division (BPM) at MARA. Therefore, the knowledge and experience in terms of entrepreneurship opportunity and business development as well as student enrolment in MARA give some thought to get involve directly in the uniform apparel business. He also mentioned that he had attended a lot of seminar about team management, entrepreneurships and education give some information for him to involve directly in the uniform apparel business.

He then ask to open the eyes and look around at the existing players in the uniform apparel business, they are could survive and create more outlet branches all over Malaysia market just sell the school uniforms and student requirement items. The existing players such as Professor, Outpost, Canggih and Swan were in the Malaysia market over 10 years because the huge market and the demand always increase for the uniform apparel in terms of school uniforms and co-curriculum uniforms. He believed that the business must be competitive advantage in terms of standard concept outlet, create value added

to customer or community and good in business networking in order to compete with the existing competitors in the market.

He planned to open the standard concept of uniform apparel outlet at Section 7 in Shah Alam, Selangor as a pilot project. He was finds out from the website Department of Statistics Malaysia (DOSM), the total population in Shah Alam around 600,000 populations and he believed it is a huge potential to open the uniform apparel business. As a new player in the uniform apparel industry, he believed that the business must have a good strategic management through gain a competitive advantage on management, operation and marketing plan to promote the “Uniform.my”.

In the end of conversation, he once again mentioned RS Frenzy Apparel with the brand name of product and outlet “Uniform.my” will penetrate the market in November 2014 in line with back to school promotion. He also intends to expand his business through open the more branches under licensee and licensor program in the future.

MALAYSIA
KELANTAN

2.1 OVERVIEW OF THE COMPANY

2.2 Company History

RS Frenzy Apparel registered on 27th March 2014 (SA0292049-U), a sole proprietor business to take a challenge as a new player in the uniform apparels in the market. The company certificate registered by Companies Commission of Malaysia (SSM) as attached in the **Appendix 1**. Mr. Mohd Shaharunizam is 37 years old owned the company as a Managing Director. He graduated with a Diploma in Accounting from University Technology MARA and holds a Degree in Accounting from the University Technology MARA. He has extensive working experience of more than 4 years in the field of private sector locally and internationally. Mr. Mohd Shaharunizam begins his career as an Account Executive with private company in 2002. The nature business of RS Frenzy Apparel is provide school uniforms, co-curriculum uniforms, school & co-curriculum accessories, custom made pre-school uniforms, corporate apparel, premium items and embroidery service.

RS in the company name is stand for combination name by Roslina and Shaharunizam. Meanwhile Frenzy is stand for combination friend and easy, which is customers as a friend and easy for customers to get any uniform apparel products in the outlet. The company's vision is to be Bumiputera standard outlet in the uniform apparel industry and the mission is spearheading the fields of uniform business opportunity for the others. The tagline "*Make You Look Good and Feel Green*" created by RS Frenzy Apparel, which is the company wants all student and people are feeling much