

# Don't swallow big discounts, F&B sector told

COMPANIES in the food and beverage (F&B) sector have been urged to avoid using deep discounts and staff cuts as a way to ride out the downturn.

Experts told an industry seminar on Monday that the most obvious solutions can turn out to be counterproductive.

When a slowdown hits, F&B operators tend to react by trimming staff, reducing the quality of ingredients to save costs, and offering discounts to attract customers. But experts stressed that although these solutions seem to work in the short run, they are detrimental to the business over time.

"I think that drastic discounts are a vicious circle," said Mr Ang Kiam Meng, president of the Restaurant Association of Singapore.

"When you don't have the discount any longer, your business will not be good again...If everyone decides to do this, the whole market decides to do this, we will sink deeper and deeper and there will be no turning back."

Mr Ang added that he felt retrenchment was a big blow to the workers involved, and decreasing quality would simply affect a firm's reputation.

Speakers at the seminar, jointly organised by Unilever Foodsolutions, Shin Min Daily News and Radio 1003, all agreed that F&B operators should look at other ways to stay afloat.

Mr Cheong Hai Poh, president of the Food and Beverages Managers' Association, felt that innovation was the key: "The most unique and challenging question...is, 'How do you innovate?' Innovation will make your company stand out from the rest."

Mr Ang felt that it was important to improve the quality of food and service, especially now as "it is an opportunity to increase customer loyalty".

He also reminded F&B operators to make use of slowing business to develop cohesiveness within the company. "I think it is very important for leaders, whether you are a manager or the boss, (to) make use of this time, when you are free, to interact and communicate with your staff," he said.

The seminar was the first in a series of workshops targeted at F&B operators.

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