

BUBBLE TEA FACTORY MARKETING MIX ANALYSIS BASED ON PRIMARY RESEARCH

Anna Shchuhala

**Research paper in Turība University faculty of Business administration
(Latvia)**

Abstract: Nowadays Latvian market become more and more attractive to investors and business related people. That's happening because the market is becoming wider and stronger. To stay competitive with other countries all enterprises should analyse and follow their own business plans. A vital part of every company is a marketing plan. However before submitting and start develop marketing plan it is important to make a marketing mix. A proper marketing mix analysis can provide any enterprise with successful.

Key words: Marketing mix, market analysis, primary research, bubble tea, Latvia, new market, business idea.

Introduction and theoretical objectives

Product, place, price and promotion are known as the four P's of marketing. The product is the item a company sells. Place or distribution refers to the physical location of a business or the ways in which the company distributes goods to customers. Price refers to the amount the company charges for its goods. Promotion is the use of advertising, public relations and personal selling to communicate benefits to targeted customers.

The addition of three service elements to the original four P's is based on the differences in selling intangible solutions relative to hard goods. The people component is based on the premise that people deliver services. In an auto repair shop, specialist certificates often hang on the wall to alert customers to the expertise of mechanics. Processes refers to the fact that services are often delivered in multiple steps over time. Ensuring a quality experience from start to finish is important in service marketing. Physical evidence includes the visual elements, such as cleanliness, professional decorum and product packaging that customers observe in a service business.

Refer to the name of study conference "Competitive Enterprises in a Competitive Country" the author decided to implement to Latvian market a new idea. "Bubble tea factory" is a name of one prospective café that can be establish in Riga. The author believe that this business project could be successful and profitable. To be assure in this, the marketing mix analysis was made based on primary research with was held in the internet and over 120 people participated.

In this research paper the results of questionnaire is a base on which the marketing mix was written. Furthermore, in the end the author explains conclusion and gives recommendations regarding the topic.

Methodology

The main tool of gaining information in this paper research is questionnaire. As the main goal of this paper research straight related to consumers, the author found out how to get in touch with potential clients to understand their preferences and overall relation to such kind of product. It gave the opportunity to approach specific target market just with one click, and it is possible to ask for all the information is needed. For example the information that is noticeable when watching was not complicated to find by secondary research methods, but that kind of data that is more personal would not be gathered any other way. That is why questionnaire was held in the internet.

Regarding the questionnaire, after looking at the results it is possible to have a better understanding of what people value the most in this type of business.

The primary research, held in the internet, gave opportunity to analyse market and see full picture of potential consumers. Over 119 people participated in Bubble Tea questionnaire. Inhabitants of different countries, people of different age and social status informed us about their preferences and total knowledge about our product. It is possible to create own target vision due to statistics and create proper Marketing Mix analysis.

Primary research results

The questionnaire was conducted to people all around the world (Spain, Canada, Australia, China, France...) and in total was received got 119 answers. The questions are separated in different sections: identity, knowledge, consumption, purchasing and extra value.

In general, 64,7% of the people knows what Bubble tea is, but 54,4% of the people has never try it. So, it is obviously that our product is not very popular yet. Speaking about the flavour, most of the people prefer the coconut one. Also, for 58,7% of the people the most important thing is the flavour. Regarding to the price, 73,5% of the people that did the questionnaire would pay between 1-3€ for a 50cl cup.

Lastly, the author think that promotions are very important in this business to attract as much people as it's possible. To most of the people that did the questionnaire free tastings and several activities offer (concerts, language exchange..) are what appeals to them the most, so that's where the focus should be putted on.

It is important to take under consideration that some of the students participating in our survey come from Latvia. People from Riga do not know very well Bubble Tea because there no such product exist. This absence of competitors in Riga forms kind of blue ocean (not completely, as other cafes should be considered as competitors) and provides a pleasant environment for establishing Bubble Tea business and attracting local students.

From the questionnaire we can conclude, based on the results, that given the product is not very popular, and to solve this problem the work on promotions should be really hard. Also, that this business is going to attract a range of people from all over the world who come to Riga mainly for studying and tourism, and are usually open to new experiences.

While carrying out the research the author encountered one more topic that should be included. There is an engagement method that, for being obvious for the majority of the people, it wasn't explain it very in detailed, and that is social media. Statistics show that around 4.2 billion people in this planet use mobile phones, and young people are the majority of that group, whom the use those networks on a daily basis. That is why many experts think if you are not on any social network it is very hard to make your business successful nowadays. For this reason "Bubble Tea Factory" should be present there too.

Marketing Mix of Bubble Tea Factory

Product

Design and technology

Bubble tea is not based on any sophisticated technology, the other way around, it's a really simple beverage (tea) in which we add little bubbles of tapioca or other fruity flavours. Making those little bubbles is the only part of the process in which we will need certain technologic instruments. There's two parts when looking into the design of our bubble tea. The first one concerns the vessel or container (most of the time it is going to be a cup, which we plan on personalized) and the second one is focused on the actual bubbles. This product is a beverage which shares the same use pattern as other hot and cold beverages such as coffee, different sodas, tea, smoothies etc. Depending on the type of tea you use you can experience different effects, and here they are some of them: Black tea, white tea and green tea

Quality

The quality of the bubble tea mainly depends on the quality of the ingredients, both for the tea and for the tapioca bubbles. There are a lot of newly opened shops that use really sweet and sugary ingredients for their bubbles, because a sweet flavour usually attracts more people, but the high-quality tapioca is not very sweet. That's why the import of basic ingredients should be from

Taiwan, because of their culture and being the birth-country of bubble tea, they generally have a higher respect for the quality of the ingredients and final product.

Branding

The slogan “more than tea” is catchy and has several meanings. First, it means that there are not only tea in the drink, there are also pearls of tapioca that makes it even better. Secondly, there will not be only proposed bubble tea in shop. The consumer has the opportunity to create himself his own fresh smoothie or taste our delicious homemade cake with his drink.

The logo (*see picture.1* Logo). The bubble tea cup is smiling and is situated on a circle which refers to the tapioca pearl shape. Furthermore, the colours used are bright and friendly: purple gives energy, vitality and green is used to remind the freshness of products but also the fact that company is economically responsible for waste.



Picture.1 Logo

Diversity of the offer

(See picture.2 Diversity of offer)



Picture.2 Diversity of offer

Place

Physical shop

The product is going to be sold directly to the customers in shop, using the direct channel. Realization of the majority of the tasks will be within the distribution channel, using almost no intermediaries.

The location of café will be in the city centre of Riga where it gets more crowded within the city. In the centre will be more competitors nearby, but also more people looking for a place to sit down and have a drink.

Internet

Web page site must agree with company philosophy of simple and healthy life. It will have a page telling about our story and the creation of our business, another one explaining what bubble tea is, a third one about our products, and the last one is going to be just for announcements, both activities (meetings, concerts...) and special offers.

Price

Pricing influences customer demand and the perception they have of your firm's value. As we don't have direct competitor in Riga, there will be adopted a competition pricing strategy. Prices will be a little higher than the national market average: 3,5 euros for the small one (25cl) and 5,5 for the big one (75cl). Indeed, according to the survey that was made, people are willing to pay 4 euros for a 50cl bubble tea. These prices allows to have relatively comfortable margins.

Promotion

Advertising

There was also carried out a research about the different mores people have in Riga, or what kind of activities they like to do and we can introduce in our business idea, and amazing result was that there is a lot of concerts in such town. People seem to like to go out and listen to music, so it can be a good promotion strategy to attract more clients by organizing some concerts during the afternoon on Saturday evening or Sunday afternoon, when most people are not working or studying.

Special offers

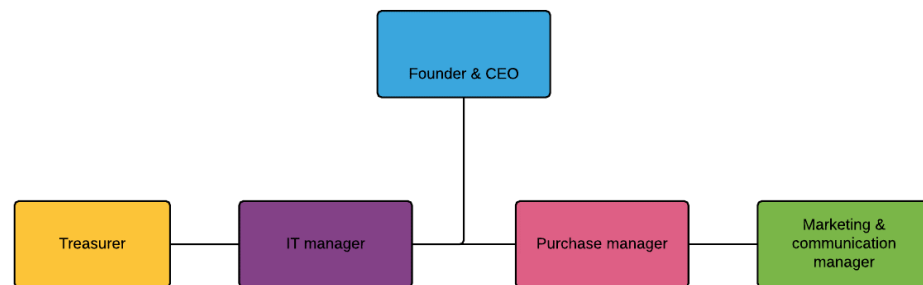
- During the first week of each season (and two weeks during Christmas), if you buy one you can get your second bubble tea at half price.
- You can get a free drink on your birthday.
- The first 50 clients (with the fidelity card) can get a 50% off discount in their beverage.

User testing

On the one hand, shop will have a special space for testing the different bubble's flavours, a place where customer can try different tastes and also get advice from one of our bubble tea experts. On the other hand, employees will give away a free testing mini-cup of some of famous products or new inventions in the street, that way will encourage people to try it and, if they like it, they will buy an actual bubble tea/cup.

People

Organizational chart (see *picture.3* Organisational chart)



picture.3 Organisational chart

Culture and Costumer service

As author stated before, company wants to be a young and vibrant brand. It will be easy to communicate with people of our age, but main objective remains the customer loyalty. Therefore, the attention should be paid to special attention to customer service. For example, drinks should be deliver in person. Moreover, each employee must be able to answer all questions about the Bubble Tea especially concerning the ingredients, and then offer them a customized beverage depending on customer needs.

Process

The process is characterized by the interaction with the customer. When person enters to the shop, employees should welcome him and explain him the concept if he doesn't know the concept of the Bubble tea. In addition, tastings will be conducted regularly.

To avoid waiting too long, drinks must be prepared in less than 5 minutes and deliver in person. On internet, mails will be processed within 48 hours.

Physical Evidence

The physical evidence shows to the consumer that a service is efficient or not. There are many examples of physical evidence:

- The design of the building: There will be a little terrace with two tables. From the outside, we can see inside the store thanks to the large window. Our logo will appear on the sign and it will be illuminated at night.
- The interior: The ambiance should be as warm as possible, that's why walls should be painted with red or yellow. On the main wall, we will put a big blackboard with all the menu. It's important to have acclimatisation and also chill background music, to make the customer feel like at home. Tea, placed in glass jars, will leave a delicious perfume throughout the store. Moreover, there will be outlets to charge smartphones. Customers could see the preparation of their drink from A to Z thanks to the open kitchen. The bins will be shaped like a bubble tea.
- Packaging: Our logo will appear on the cups. Plastics bags will be available for people who wants to take their bubble tea home. We also want to propose gifts boxes for the "DIY Bubble Tea Box"
- Website and newsletter: The website will be ergonomic, simple and modern. There will be a blog and multiple recipes to prepare at home.
- Menu and business cards: The menu will be print on kraft paper. It's cheaper and it gives to the brand an "authentic side"
- Dress code: Employees will wear an apron with the logo of the store on it and latex gloves to avoid contamination

Conclusion and Recommendations

Conclusion:

To make a conclusion of this research paper it should be noticed the beneficial role of the primary research that was made with a goal to approach a target market and gather important information. A vital part of marketing strategy - marketing mix which was successfully made due to information that was given by potential customers. Adopting a marketing mix by questionnaire give a total guarantee of it's assurance if business idea is implemented into Latvian market.

The main information that was taken from primary research that the main strategy of promoting was found: Riga has a very cultural life, people love listening to live music or any kind of performance (theater, improvisation etc.). This is the reason why the author still think (and now endorsed with more customer's opinions) that offering this kind of extra activities will engage most of our customers to come in the shop and discover the bubble tea world.

Bubble tea factory wants to offer something fresh, different, give that added value to young people, offering a great product being environmentally friendly, and sharing some of passions with the customers through different activities.

Recommendations:

After all researches and analysis have been done, the author still be convenient that Bubble Tea Factory is a good idea because we have, here in Riga, the exact type of consumer are required business to work: students and travelers.

According to research the café should focus on the atmosphere of the coffee. Indeed, sometime instead of going to university or to the library, students like to do meeting in coffee, because it is more friendly, more comfortable, you can talk without restriction (not as in the library for instance) and sometimes students have no choice because university or library are closed. Free wifi is also a good way to attract people, because not everybody has wifi especially when you are student it could be expensive.

Then, the second focus should be on the social media, indeed nowadays young people are social media “addict” thanks to their smartphones, the wifi almost everywhere, everybody is connected. So we have to be present on all the social media (Facebook, Twitter, Snapchat, Instagram, Pinterest...). These networks will be a very good tool to launch our coffee, indeed thanks to these media we will easily create event and facebook pages to promote Bubble tea factory.

Finally, thanks to our experiences we know that here in Riga people love very much event that why we think about doing one every last saturday of the month for instance and company will use facebook page and all the other social media to promote it and put the planning.

References

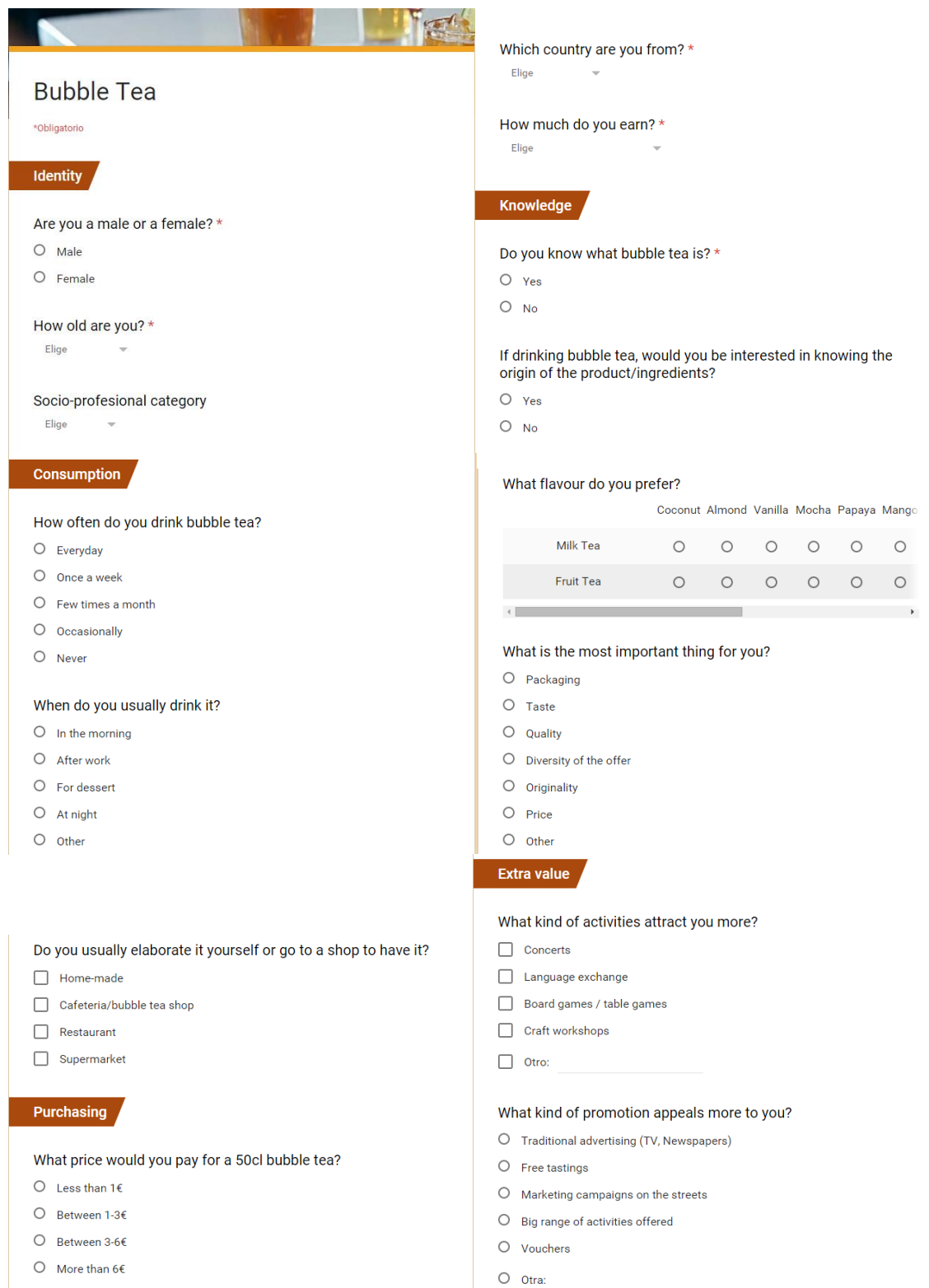
Definition of Marketing mix: *The Marketing Mix 4P's and 7P's Explained* Available at: <http://marketingmix.co.uk/> [Accessed 10 March 2016]

B.Bathelot, Définitions-marketing, November 2015. “*Définition : Expérience client*”. Available at: <http://www.definitions-marketing.com/definition/experience-client/> [Accessed 10 March 2016]

Mobile phone users worldwide 2013-2019 | *Statistic*. 2016. Available at: <http://www.statista.com/statistics/274774/forecast-of-mobile-phone-users-worldwide/>. [Accessed 14 March 2016].

Questionnaire available in: https://docs.google.com/forms/d/1wda3piS63icC__G57eaSroh62Pr98b11asIDEbM37wI/viewform

Questionnaire



Bubble Tea
*Obligatorio

Identity

Are you a male or a female? *

Male

Female

How old are you? *

Elige ▼

Socio-profesional category

Elige ▼

Consumption

How often do you drink bubble tea?

Everyday

Once a week

Few times a month

Occasionally

Never

When do you usually drink it?

In the morning

After work

For dessert

At night

Other

Do you usually elaborate it yourself or go to a shop to have it?

Home-made

Cafeteria/bubble tea shop

Restaurant

Supermarket

Purchasing

What price would you pay for a 50cl bubble tea?

Less than 1€

Between 1-3€

Between 3-6€

More than 6€

Which country are you from? *

Elige ▼

How much do you earn? *

Elige ▼

Knowledge

Do you know what bubble tea is? *

Yes

No

If drinking bubble tea, would you be interested in knowing the origin of the product/ingredients?

Yes

No

What flavour do you prefer?

Coconut Almond Vanilla Mocha Papaya Mango

Milk Tea	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fruit Tea	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

What is the most important thing for you?

Packaging

Taste

Quality

Diversity of the offer

Originality

Price

Other

Extra value

What kind of activities attract you more?

Concerts

Language exchange

Board games / table games

Craft workshops

Otro: _____

What kind of promotion appeals more to you?

Traditional advertising (TV, Newspapers)

Free tastings

Marketing campaigns on the streets

Big range of activities offered

Vouchers

Otra: _____

link to the full questionnaire:

https://docs.google.com/forms/d/1wda3piS63icC__G57eaSroh62Pr98b1laslDEbM37wI/viewform