

**Research Article****MARKET DEMAND AND COMPETITOR ANALYSIS OF A MILKTEA AND FOOD HOUSE IN CEBU CITY****\*Cheradee Ann Cabanlit and Melvin Bathan**

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**Abstract**

Market Demand Analysis is crucial for determining the optimal production quantity in a given market. Companies utilize this analysis to assess market entry viability and assess the potential for profitable business operations. This study focuses on Local Milktea and Food House in Cebu City, involving market identification, product niche, growth potential, and competition analysis. The objective is to minimize costs, enhance the company's competitive advantage, and evaluate customer value. Data collected from market demand for milk tea houses in Cebu City reveal key insights. Out of 100 respondents, 92 visit milk tea houses, with 80% being students and 20% non-students. Most visitors earn 2,000-3,000 pesos monthly. Respondents typically spend 100-149 pesos per visit and visit once a month. Preferred days are Saturday, Sunday, and Friday, primarily in the afternoon. Preferences include 89% for cold milk tea, with black pearl as the top sinker (46%). Preferred syrups are chocolate, winter melon, and green apple. Respondents desire diverse food options, with potential interest in Japanese gyoza and Philippine halo-halo. Internet access, food quality, and a calm environment are vital factors influencing visits. Local Milktea and Food House's major strengths include product originality, price affordability, overall value for money, prompt service, and staff hospitality. Minor strengths include ambience, menu variety, milk tea quality, and location. Weaknesses relate to branding and packaging. The researcher recommends improvements such as defining a vision and mission, creating an official logo, updating menu boards, and redesigning the ambience to enhance Local Milktea and Food House's overall appeal and customer experience. Additionally, product variety recommendations, including sinker options and combo meals, aim to meet customer preferences and strengthen the company's market position.

**Keywords:** Market Demand, Competitor Analysis.

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**INTRODUCTION**

According to Popular Household Names Incorporated, Philippine milk tea shops are businesses for those looking to make money by serving this beverage to others and they mean businesses nowadays. There are a lot of tea shops around the Philippines at the moment, yet demand does not shows any sign of abating. In fact, even the smaller shops can boast of raking in the profits for around 200-300 sold drinks in a single day, according to PHNI, a popular supplier for bubble tea related products in the Philippines. However, Euro monitor International Philippines, a London-based intelligence firm which provides market research, business intelligence reports, and data to industry, says that the market demand for milk tea shops is not expected to significantly expand, limiting its potential to register successively faster growth rates due to unawareness on determinants of market demand of milk tea houses. Hence, this study aims to analyze the determinants of market demand for milk tea houses which can yield significant impact such as benefits for start-up and existing milk tea shops in providing them this study as a reference for market demand analysis and competitor analysis for milk tea house businesses. The study *Market Demand and Competitor Analysis of Local Milktea and Food House* is significant because it can optimize output with systematic utilization of available resources and can maximize profit with efficient allocation of limited resources of Local Milktea and Food House. It can yield a significant impact to Local Milktea and Food House in developing effective strategies to promote and sell to as many potential customer as possible. Local Milktea and Food House is a milk tea house located near University of San Carlos Main Campus.

As part of their launching phase, analyzing the determinants on market demand would be helpful in building a sustainable competitive advantage and analyzing customer value.

**Scope and Limitations of the Study**

The subject of this study will cover the market demand and competitor analysis of Local Milktea and Food House. This study is also replicable in other milk tea house. The determinants of market demand such as income/allowance, occupation, product originality, price affordability, overall value for money, menu variety, promptness, staff hospitality, and service, location, ambience.

**Objectives of the Study**

The primary objective of this study is to analyze the key determinants of market demand for a milk tea house and their impact on the competitive positioning in Cebu City.

- To identify and describe the key determinants of market demand for milk tea houses, such as income/allowance, occupation, product originality, price affordability, overall value for money, menu variety, promptness, staff hospitality, service, location, and ambience.
- To analyze the impact of these determinants on the market demand and competitive positioning of the Local Milktea and Food House in Cebu City, and to understand how these factors influence customer behavior and preferences.
- To develop effective business strategies for the Local Milktea and Food House based on the findings of the study, with the aim of enhancing its competitive advantage, optimizing its resource allocation, and maximizing its profitability. These strategies may also serve as a reference for other milk tea houses in the industry.

## METHODOLOGY

### Research Environment

The study was conducted in the milk tea houses near University of San Carlos Main Campus. For the procurement of data necessary to analyze the determinants of market demand and competitor analysis of milk tea houses, the researchers tapped the help of the CIT University Industrial Engineering Department. For the procurement of data necessary to evaluate the quality and impact of the preferred products to be bought in milk tea houses, the researchers tapped Local Milktea and Food House for their new product to be (lumpia, japanese gyozu, siopao/q-pao, potato fries) to be launched. Local Milktea and Food House is milk tea house located near USC main campus. The researchers of IE321 is the first researcher who conducted a study about market demand and competitor analysis of their company.

### Research Respondents

The respondents of this study were the random people of Cebu City, Philippines specifically those estimated interval of age is 16 years to 70 years old. For the foot traffic survey, the respondents were the youth, professors, and students in USC Main Campus who were the main market of Local Milktea and Food House and students from different universities. For the Focus Group Discussion, selected random people were chosen by the administration of Local Milktea and Food House.

### Research Design

The study Market Demand and Competitor Analysis of Local Milktea and Food House uses descriptive study/survey, SWOT matrix, competitive profile matrix and annual market demand for the research design. Focus group discussion and a survey, as a form of descriptive study were conducted in order to gather the data needed to achieve the objectives of the study. SWOT matrix was used as well to help determine the strengths and weaknesses of the different factors that are involved with Local Milktea and Food House. Different opportunities and possible threats of the shop were also determined through the use of SWOT matrix. With the use of the survey questionnaires different milk tea houses in Cebu were rated based on the products and services that they provide. Local Milktea and Food House was one of the milk tea houses that was rated and with the use of competitive profile matrix and the data gathered from the survey it was determined how competitive Local Milktea and Food House is compared to the other milk tea shops. Annual market demand analysis was also used to check what are the average annual purchase and market share estimation of Local Milktea and Food House.

### Research Instruments

In order to gather data, the researchers provided questionnaires to the respondents to be answered. Gathering data through interview, focus group discussion, and questionnaires were used as instruments in this research. These particular research instruments were used in order to know or determine the customer's preference in different milk tea houses that they had visited in which they will rate the factors: Gathering data through interview were also used as instruments in this research.

### Research Procedures

The first step in performing the research was to collect the necessary data needed to provide the information relevant in answering the determined objectives. After gathering these data, these were used to analyze the existing problems in the system under study. The results from the data analysis were then interpreted using suitable tools to come up with the desired proposals and recommendations for the study.

## RESULTS

### 1. The market of the milk tea houses were the following:

- a. Out of 100 respondents, 92 respondents says that they visit milk tea houses. Out of the 92 respondents who visit milk tea house, 80% are students and 20% are non-students based on profession.
- b. Most of the respondents who visit milk tea house had a monthly income/ allowance of 2,000-3,000pesos, 6,000-7,000pesos, and 10,000. Most of the students who visit milk tea house has a monthly allowance of 2,000-3,000pesos while most of the non-students who visit milk tea house has a monthly income of 10,000pesos.
- c. Out of 92 respondents who visit milk tea house or café, they were ask how much they usually spend in visiting a milk tea house, 9% says that they usually spend less than 100 pesos every time they visit milk tea houses or café, 36% says they spend 100-149 pesos, 33% says they spend 150-199, 14% says they spend 200-249 pesos, 2% says they spend 250-299, and 6% says that they spend 300 pesos and above. Most of the respondents who visit milk tea house usually spend 100-149 pesos. For the students who visit milk tea house, they usually spend 100-149pesos. For the non-students who visit milk tea house, they usually spend 150-199pesos. The top 3 preferred amount to spend in visiting a café or milk tea houses were 100php-149php, 150php-199php, and 200php-250php, respectively.
- d. Out of 92 respondents who visit milk tea house or café, they were ask how often they do visit milk tea house or café, 22% says that they do visit milk tea houses or café once a week, 17% says twice a week, 31% says once a month, 14 % says twice a month and 16% says that occasionally visit milk tea houses. Most of them visits milk tea house once a month. Out of 74 students who visit milk tea house or café, they were ask how often they do visit milk tea house or café, 20% says that they do visit milk tea houses or café once a week, 19% says twice a week, 32% says once a month, 14 % says twice a month and 15% says that they occasionally visit milk tea houses. Out of 18 employees who visit milk tea house or café, they were ask how often they do visit milk tea house or café, 28% says that they do visit milk tea houses or café once a week, 11% says twice a week, 22% says once a month, 17% says twice a month and 22% says that they occasionally visit milk tea houses. Most of them visits milk tea house once a month. The frequency in visiting a café or milk tea houses varied in their preference.
- e. The top 3 preferred days in visiting a café or milk tea houses of the respondents (specifically students) who visit milk tea houses were Saturday, Sunday and Friday,

respectively. The most preferred time was on the afternoon specifically starting 1 pm up to 5 pm.

- f. Out of 92 respondents who visit milk tea house, 89% of them preferred cold milk tea while only 9% preferred hot milk tea and 2% choose hot and cold milk tea. Both student and non-students preferred cold milk tea than hot milk tea.
- g. The most preferable sinker for the cold milk tea is the black pearl which garnered 46% while the least preferable sinker is the konjac Jelly which garnered 1% respondent. 46% respondents choose black pearl, followed by 17% respondents chosen coffee jelly, both pudding and nata de coco has 16% respondents and the sinker who got the least percentage is the konjac jelly with only 1%. The top 4 most preferred sinkers for cold milk tea were black pearl, nata de coco, coffee jelly, and pudding, respectively.
- h. The top 3 most preferred syrups for cold milk tea were chocolate, winter melon, and green apple, respectively.
- i. Most of the respondents who visit milk tea houses preferred to have ham and roll delight, chinese lumpia, toasted bread in a milk tea house. But milk tea houses may launch japanese gyozu as part of their variety of foods.
- j. Some of the respondents who visit milk tea houses wanted to have a Philippine halo-halo.
- k. Most of the respondents says that the most important factor that affects in visiting a milk tea houses was the internet access. The top 3 most important factors that affect in visiting a milk tea houses were internet access, quality and variety of food, calm and quiet environment, respectively.
- l. Most of the respondents who visit milk tea houses preferred to dine-in their order than to take out and deliver. Most of the respondents who visit milk tea houses preferred to stay for 1-4 hours. The top 3 most preferred kinds of set-up of respondents who visit milk tea houses were table and chairs, couch type, and squat/Japanese style, respectively.
- m. Most of the respondents who visit milk tea houses have been to Oppa, Zagu, and Local Milktea and Food House.
- n. The major strengths of Local Milktea and Food House are the product originality, price affordability, overall value for money, promptness, and staff hospitality which all got very satisfactory rating while the minor strength of Local Milktea and Food House are the ambience, menu variety, milk tea quality and its location which all got a satisfactory rating.

## 2. The following findings were the evaluation of the researcher on the preferred variety of products to be launched in LOCAL MILKTEA HOUSE.

- a. The strengths of company's milk tea are its originality and quality while the weaknesses were its branding and packaging.
- b. The researchers suggest black pearl, nata de coco, coffee jelly, and pudding as the sinkers for milk tea.
- c. The strengths of company's japanese gyozu are its originality, quality, uniqueness in taste while the weaknesses are its branding and its costly.
- d. The strengths of company's lumpia are its affordability, originality, quality, uniqueness in taste while the weaknesses are its branding.

- e. The strengths of company's q-pao are its originality, quality, uniqueness in taste while the weakness is its branding.
- f. The strengths of company's ham and egg roll delight are its originality, quality, uniqueness in taste while the weakness is its branding.
- g. The strengths of company's fries are its originality, quality, uniqueness in taste while the weakness is its branding.
- h. The strengths of company's toasted bread are its originality, quality, uniqueness in taste while the weakness is its branding.
- i. All the products of company such as japanese gyozu, lumpia, q-pao, ham and egg roll delight, fries, toasted bread may have a combi meal snack box with milk tea.

## 3. Since the ambience and menu variety Local Milktea and Food House got a satisfactory rating, the researcher found out that Local Milktea and Food House should improve the following:

- a. Local Milktea and Food House should determine its vision and mission
- b. Local Milktea and Food House should make its official logo
- c. Local Milktea and Food House should change the menu boards
- d. Local Milktea and Food House should change the ambience, design layout

## Conclusion

Milk tea houses or café have a great potential market to students and professionals. Considering the factors that affects/determinants of the market demand of milk tea houses and the variety of foods in milk tea houses. The monthly income/allowance may affect the market demand on visiting a milk tea houses, their respective occupation may also affects in visiting a milk tea house. The following factors such as product originality, price affordability, overall value for money, menu variety, promptness, staff hospitality, and service, location, ambience affects the market demand of a milk tea houses. Concurrently, this study will significantly help business sector/Local Milktea and Food House in the developing better marketing strategies for milk tea houses, improving advertisement strategies knowing its target and potential market, and sustaining the variety of foods, service, product originality, price affordability, overall value for money, promptness, staff hospitality, and service, location, ambience.

## Recommendations

### Primary Recommendations

In order for the company to develop and improve their system, the researchers recommend to implement the proposed system to Local Milktea and Food House conceptualized by the researchers discussed in chapter 2, 2.8 Proposed System to Local Milktea and Food House.

### Secondary Recommendations

*Business Sector/Local Milktea and Food House*

For those who own milk tea houses, determinants of market demand must be considered in order to make effective strategies in creating a sustainable branding, maximize profit and make a great lasting market. Knowing the strength, weaknesses, opportunities, and threats in every business is such a great need in order to its essence of business. Development of appropriate marketing and company branding of a particular milk tea house is very essential. Using the SWOT Matrix of Local Milktea and Food House, business sector can replicate the proposed strategies. For entrepreneurs and start-up businesses, considering the important factors of market demand of milk tea houses are necessary for their business to grow and can help them determine appropriate marketing strategies and know its potential market. Considering the ambience, location, product originality, internet access, menu variety, product affordability can help a milk tea house in sustaining phase and create an effective company brand.

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