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FEASIBILITY OF A BUBBLE TEA SHOP IN JAKOBSTAD

Market acceptance of bubble tea

Thesis

CENTRIA UNIVERSITY OF APPLIED SCIENCES

Business Management

November 2018

ABSTRACT

Centria University of Applied Sciences	Date November 2018	Author Hsiu-Mei Fröjdö
Degree programme Business Management		
Name of thesis FEASIBILITY OF A BUBBLE TEA SHOP IN JAKOBSTAD. Market acceptance of bubble tea		
Instructor		Pages 51+3
Supervisor Sara Åhman		
<p>The proposed thesis topic concentrated on setting up a business in Finland. As the Finnish economic policy has encouraged entrepreneurship possibilities, the prospects of entrepreneurship are observed to be high and the number of self-employed immigrants has increased. Therefore, the objective of this thesis work was to explore the opportunities and possibilities of establishing a bubble tea shop in Jakobstad.</p> <p>The process started with introducing Bubble tea and tea market in Finland. Studies in startup dimensions have been highlighted on defining entrepreneurship and examining the business planning. Marketing strategies and franchising were also studied. This secondary research was made based on the literature and online sources. There were theoretical points found in the literature that employed the empirical research and its main themes.</p> <p>The bubble tea is a new product in Jakobstad. The research was made to meet the potential market and conducted by employing both a quantitative questionnaire and qualitative interview. The research was carried out using face to face street interview together with free new product samples, and an in-depth telephone interview with an expert in the field. The aim was to discover the new product acceptance and target groups.</p> <p>As the results of the research appeared that respondents in Jakobstad thought this product was unique but preferred it to be served as a cold drink. Some of them were not used to the texture of tapioca balls but may like to try it again. The future research should be done on the different flavors of bubble tea. This will reflect on the potential customers in Jakobstad, thus will work out as a reference for new entrepreneurs who are interested in this industry.</p>		

<p>Key words Bubble tea, business plan, entrepreneur, franchise, marketing strategy.</p>

CONCEPT DEFINITIONS

Break-even point **This is the point at which total cost and the total revenue are equal, there is no net loss or gain.**

CRM **Customer relationship management**

IFA **International Franchise Association**

ROI **Return on investment**

ABSTRACT
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1 INTRODUCTION

Since the recession in the early 1990s, entrepreneurship has been discussed a lot in Finland. Especially when companies are facing the economic crisis, there is often need for reconstruction by reducing their welfare, bonus or even laying off some employees. Therefore, more and more people choose to establish their own company in order to maintain the financing source and enlarge their potential abilities. Although Finland's unemployment rate fell to 7.6% in August 2018, for immigrants, languages and professional skills still remain as main entry barriers to careers. So, being an entrepreneur can be a good option for those immigrants. There are around 6500 companies founded by the immigrants in Finland. Knowledge and technology are two elements of choosing industry, thus the author tends to lower requirements and risks of a startup business. According to Statistics Finland, food and beverages were still among the top main consumption expenditure groups in 2016. Therefore, the Bubble tea shop became a topic of this study.

Bubble tea's predecessor was a foam red tea, which was sold in beverage vendor. In the 1980s, those handshaking beverage vendors were in a period of vigorous development, and bubble tea was introduced to its menu. In the 1990s the seal cup machine replaced the normal lids for enlarging the sales of the takeaway section, meanwhile, the takeaway bubble tea shops were pushed into the mainstream. After becoming a hit in Taiwan, bubble tea was grasped all through Asia, further to the USA and many European regions. However, this new phenomenon has not spread to Finland yet. Therefore the aim of the thesis was to identify the potential market of Bubble tea in the region. The emphasis was placed on new product acceptance and customers' demand.

The procedure of this study was to develop a research framework to evaluate the determinants of the customer's acceptance of Bubble tea in this area. For research methods, quantitative research methods and qualitative research methods were applied in the study. In quantitative research section, there were fifty survey samples collected by street interview. All the respondents had a cup of free trail Bubble tea, afterward, they filled in the questionnaires. The constructs of questionnaires were designed with both closed and open-end questions, including the factors of potential customer segmentation, consumers' purchasing habits, and the demand for the new product with acceptance. In qualitative research section, an in-depth

one-to-one interview was made to find out factors of being an entrepreneur of Bubble tea shop and the attraction of the Bubble tea. The interviewee is a current Bubble tea shop owner. The findings were analyzed and further research directions were discussed, with an emphasis on Bubble tea shop startup and ideas to increase the sales.

Theories have been drawn up for clarifying and understanding phenomena. The theoretical framework functions to introduce and describe the theory of the study. A proper structured theoretical framework can hold or support a theory of a research. The theoretical framework of this study covered the topics of the entrepreneur, business planning, marketing, and franchising. This helped the author to have a better understanding of certain key concepts for the research process. The theoretical work was carried out from books and online materials that related to the subject.

2 BUBBLE TEA

Bubble Tea, pearl milk tea or Boba Tea, are the names giving to the popular people's drink in Taiwan which was invented by Hanlin Teahouse in Tainan city and Chunshui Hall in Taichung city in the 1980s. This "national drink" is a black tea, oolong tea or green tea based with milk, powdered milk or condensed milk, and add the fresh fruit, chewy tapioca balls, or fruit jelly on the top. Bubble or pearl refer to tapioca balls. Tapioca is a starch that extracted from cassava root, by adding some water, sugar and food coloring to become different color balls. Bubble tea serves in transparent cups with a fat wide straw, so while people sip up, the surprisingly bubbles come with delicious liquid. It is a unique refreshing drink and unforgettable sweet snack which can be served in iced cold or hot. In fact, it is a customized drink, people can decide its sweetness, coldness, and toppings, by the amount of sugar, ice, type of tea and fruits or bubbles. While its globalization, the bubble tea shops not only have developed the high brewing tea, but also have invented many different flavors to fit the local tastes, such as latte coffee bubbles, smoothie bubbles, oreo bubbles, Japanese mochi bubbles, taro milk bubbles... etc. (Twinings 2018.)



FIGURE 1. Bubble Tea

2.1 History

Tea is considered a universal drink in the Chinese community. During the different seasons or at different regions, it can be served with different seasonings, such as ginger, mint, tangerine peel, sesame...etc. Drinking tea is not only focusing on the color and fragrance of tea but also attaches great additional medical value in practice. The tea culture in Taiwan has been developing for a couple hundred years. It has gone through an export-oriented production stage and now has come to a consumer-centered selection stage. Taiwan started planting tea trees as early as Dutch rule in 17th-century. During the Japanese occupation (1895-1945), Taiwan's tea was sold in large quantities to overseas markets, it was the major economic crops as international trade commodities. (Hwa Gung tea 2018; Chang 2017; Bubble tea supply 2017.)

After the 1970s, it was accompanied by Taiwan's economic take-off and modernization, the role of tea switched from the export to the supply of domestic demand. Meanwhile, the government launched Chinese tea arts promotion, tea has become an indispensable drink for Taiwanese people in their daily lives. In the late 1980s, tea culture gradually developed to a variety of new tea consumption patterns such as new type of drinks with milk and tapioca pear, the automatic sealing machine, teahouses, tea shops...etc., was opening a new chapter in Taiwanese tea culture. Bubble tea is different from traditional tea drinking methods, it is a highly rigorous and systematic technology. This convenient takeaway mode combined with the efficiency hygienic packaging allowed bobble tea became popular, not only in Taiwan but also to the world. (Hwa Gung tea 2018; Chang 2017; Bubble tea supply 2017.)



FIGURE 2. Tapioca balls

2.2 The current market of Bubble tea

The national drink Bubble tea is a successful example of Taiwan's cultural and dietary integration, symbolizing the ultimate creativity of Taiwan's food industry, and driving the development of a series of industrial chains such as raw materials, manufacturing processes, catering, and franchising, and this industry chain includes tea and raw materials. According to the Statistics Division of the Ministry of Economic Affairs, Taiwan can sell 1.02 billion cups of bubble tea each year, with an average consumption of 44 cups per person per year, which has a huge market potential, estimate the global business opportunities driven by bubble tea amount to US\$50 billion each year. (UDN news 2017.)

The statistics from the Taiwan Chain and Franchise Association showed that the chain of beverage stores has increased by 7% to reach 24% in the past three years. In 2016, there were 20,121 beverage stores in the market and 5,580 overseas exhibitors. The two biggest chain convenience stores in Taiwan, 7eleven, and Familymart have entered this bubble tea business since 2017. Normally tapioca balls require 1.5 hours cooking time, but those convenient stores use the new type of tapioca balls, frozen mini balls. The preparation procedure is simple as clerk only needs to open the package, then put them into the hot tea and stir them with ice cubes. But people cannot get the customized drink since this system does not allow to adjust sweetness or amount of ice. (Business Today 2017.)

Same term as George Ritzer discussed the McDonaldization of society, the major factor that help the Bubble tea market grow rapidly is efficient production. There is a set of standardized methods and techniques from production to sales, such as a standard size of tapioca balls with calculated cooking volume and time. Through machinery, the procession of making a cup of the bubble has shortened the customer's waiting time. This theory has been compared to Ritzer's McDonaldization. In the other hands, machinery also reduces/replaces the need for human resource. Besides, headquarter of Bubble tea shop provides training and raw materials to ensure all the franchisees can serve the high-quality products and services. (Lin & Zen 2018.)

2.3 Finland tea market

Finland has the highest consumption of coffee in the world, 12 kilograms per capita per year. (Bernard 2018.) Coffee was introduced to Finland in the 17th century spread through rural Finland in the 18th century and, in the early 20th-century coffee market had another boost. Finland enacted alcohol prohibition in 1919. Therefore, coffee became a mainstay of Finnish society when alcohol was banned. (Caretti 2018.) Nowadays, Finns usually have two coffee breaks at work and sometimes enjoy a cup of coffee with family in the evening. Thus, the coffee phenomenon has built up many cafes in the cities.

However, tea consumption in Finland is gradually growing as tea market expect to grow annually by 1.0% which will have \$24 million US dollar revenue in 2018(TABLE 1). (Statistics 2018.) Black tea and green tea take the major market shares, but fruit tea also has its followers which are among young people. Well-known health benefits of tea, such as antioxidants of green tea can increase the body's ability to burn fat and reduce the risk of heart attack...etc, is a reason of growing interest in Finland. The main distribution channel is through supermarkets, not tea shops. Two international tea brands, Twinings and Lipton, have a leading position in the Finland tea market. (Finnpartnership 2017.) In addition to that, the tea consumption in Finland has not been saturated and expecting to increase in popularity, which is a great opportunity for a Bubble tea shop to entry market.

TABLE 1. Tea market in Finland (Adapted from Statista Market Forecast - tea in Finland 2017)



2.4 Franchise

Most of Bubble tea brands expand their business by selling franchise. According to IFA (International Franchise Association), "franchising is simply a method for expanding a business and distributing goods and services through a licensing relationship". Franchisor and franchisee conclude a contract that franchisor grants a license and privilege to the franchise to operate the business under their trademark. Franchisor provides a developed way of doing business such as the product, services, operating system, training, procurement, and support, relatively franchisee pay a certain amount as compensation. (IFA 2018.)

Being a franchise is one of the good options for entrepreneurs, especially for those who have no previous business experience at all. For a small business, franchising means having an independence of ownership with a big business network in back. Therefore, the greatest advantage of buying a franchise is having less risk on business failure due to the franchisor has been tried out its business concept in the market already. With their recognized brand name will also help franchisee omit the market testing. And the cost of buying a franchise may less than establish their own business owing to all franchisees acting together have more shopping power to bargain the price. Moreover, the franchisor provides the training and know-how for operating business model, so franchisee can avoid many unnecessary barriers and get instant access to the market. (Which franchise 2018.)

The biggest disadvantage of buying a franchise is rigid rules. The formal agreement dictates the certain way that franchisee should operate the business. With no creating rooms can make it difficult for a franchise to respond to new competition or market. The restriction of purchasing is another issue. The franchise is forbidden to purchase the materials from not approved suppliers, even they can get much cheaper same items from the local market i.e. toilet paper. Reputation is bonded in the whole system, which means that franchisee may suffer from the bad performances by other franchisees, even though there is no fault of their own. More, the ongoing sharing profit with franchisor is also a matter for buying a franchise, as times go by, franchisees may not be pleasant to pay if they do not need that much service from the franchisor. (Which franchise 2018.)

There are many big Bubble tea chains exists in the market, Gong Cha, Bubbleology, Chatime, and Comebuy are the most popular ones among them. The requirements of buying franchise

are varied with each specific brand. Table 2 was the comparison of two bubble tea chains, Gong Cha and Bubbleology, the price was in US dollars. Gong Cha was founded in 2006 in Kaohsiung, Taiwan. The name Gong Cha refers to “tribute tea for the emperor”. Nowadays, it has expanded to 15 countries with more than 1500 franchisees worldwide. Their products include brewed tea series, coffee series, milk tea series, yogurt series, oreo series and slushes. Bubbleology origins from London, United Kingdom, their first store was opened in 2011. It has expanded to several countries in recent years. The core concept is 100% organic tea leaves. Their products include salted cream cheese crowns series, milk teas series, fruit teas series, coffees series, and cocktails series.

TABLE 2. The cost of buying a franchise (adapted from Gong Cha and Bubbleology websites 2018)

Franchise	Gong Cha 	Bubbleology 
The initial franchise fee	\$39,000	\$30,000
Estimated initial investment	\$177,430 - \$335,400	\$143,250 - \$254,000
Monthly franchise fee	4.5% of sales	5% of sales
Marketing and advertising fee	1% of sales - national 1% of sales - local	1% of sales
Franchise term	10 years	5 years

3 STARTUP

Starting a business requires lots of preparation and many things need to be considered. Even though the company exists in the market, the continuing development and maintenance of business are other tough subjects for running a business. For having a smooth startup, this chapter discussed the definition of entrepreneur, concepts of business planning and marketing strategies.

3.1 Entrepreneur

The word entrepreneur originates from the French word "Entreprendre", meaning to undertake innovation and development of a new venture or to take a risk among the sellers and buyers. (Barringer & Ireland 2016, 28.) Conceptually, the term of the entrepreneur was defined by the French economist Jean-Baptiste Say in 1803. He said: "entrepreneurs shift economic resources from an area of lower productivity into an area of higher productivity and greater yield". (Burns 2016, 9.) British economist Alfred Marshall believes that entrepreneurs use their own innovation, insight, and command to find and eliminate the imbalance of the market, in order to create trading opportunities and effectiveness, to organize the factors of production and process the production. Austrian economist Joseph Schumpeter suggested that the entrepreneur was a person who constantly carried out revolutionary mutation in the economic structure, launched the creative destruction to the old mode of production, and reassembled the production elements. American economist Peter Drucker thought of entrepreneurs as innovators who were brave to take risks, precisely discovered the sources of innovation, were good at capturing the changes and made change a useful opportunity for development. (MBA lib 2016.)

To sum up the description above, adventurer and innovator are commonly seen as the characteristics of entrepreneurs. Therefore, an entrepreneur is an adventurous and innovative senior management personnel who is responsible for the effective organization and management of production factors such as land, capital, and labor. The difference between entrepreneurs and general managers is that entrepreneurs dare to take risks and be good at innovation which represents a quality, not a position. (Adler 2014; Barringer & Ireland 2016.)

According to the business dictionary, simply defined entrepreneurship as starting a new business, especially in financial matters, it can produce a profit by combining with land, labor, assets, and capital. In other words, entrepreneurship is the act of doing a business while dealing with its risks to create profits in this competitive global marketplace. (Business dictionary 2018.) Entrepreneurship is a great option for people to use their own expertise in their own time management to reach the success, as they see the opportunity and assemble the resources to turn a possibility into a reality. It is a hard work with huge responsibility and people might feel like things will never work out and operating at a loss for endless months. (Fernandes 2018.) But rewarding of being an entrepreneur is not only the freedom of time management and own destiny control but also the unlimited learning and earning possibilities. In other words, establish a new business is like doing a treasure hunting in the jungle. People may have lost their way or meet the dangers, but the prize of personal satisfaction and wealth are uncountable. (Blackwell 2011.)

Starting a new business requires professional skills or know how to be a foundation of the business idea which can lead to success with the smooth process. For instance, a person who wants to start a business shall be familiar with that chosen industry. (Whiteling & Welstead 2010.) Entrepreneur shall also have knowledge of business management, financial administration, marketing, and its service or production. It is not necessary to be an expert in every sector, people can buy marketing and accounting service if needed. Besides people can gain those skills and knowledge through training. The Finnish Enterprise Agencies said: "Becoming an entrepreneur does not mean that you have to work as an entrepreneur forever. You can think of this as one phase of your life and as a part of your whole career." (Uusyrityskeskus 2018.)

3.2 Business plan

A business idea is a result of long developing and learning process. A business plan is the best way to figure out if a business idea is feasible. It is a written document for a company would like to introduce its value and how to achieve its development goals, or even seek investors and commercial loan. Through the scientific research and analysis of the relevant information and put on a certain format to display the company's current situation and its future grows. In other words, it is a formal statement of business goal in order to keep everyone on the same

page. Normally, a business plan contains a company's products or services, company milestones, markets and customers, marketing strategy, management team, organizational structure, financing needs, and risk management. It is the first planning tool that can guide the company to go through the different development stages, and help to track and monitor the process, therefore it should be modified and updated regularly even though the company has established. (Entrepreneur 2017.)

Writing a business plan for success is not just the initial move towards changing over an idea to an entrepreneurial firm, but also the most essential one. As figure 3 shows the purpose of writing a business plan is a guide for direction and structure or even secure outside funding, therefore the content should be articulated in detail and true response to the investment value. (Blackwell 2011.)

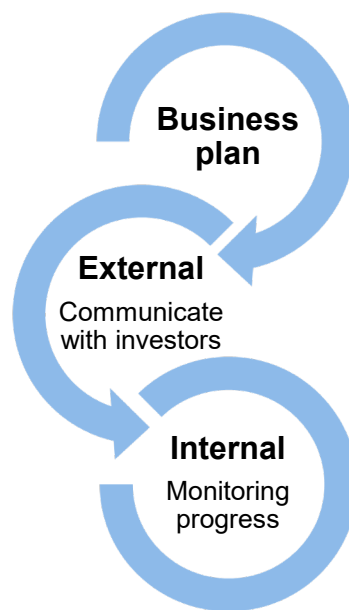


FIGURE 3. Reasons for writing a business plan (adapted from Blackwell 2011)

A good business plan is critical to success, is a tracking and evaluation tool. The plan should focus on the detailed description of products or services, proper market research and analysis, marketing action plan, and a good financial forecast. Because the well-researched business plan can reflect the operator's understanding of its project and how to fit into the market. It should highlight the core competencies, how to create its own competitive advantages, how to enlarge its market share, how to develop and expand. All the various "how" is the persuasive

power of business plan, which will show the future growth and the company's profitability. (Bplans 2017.)

The business plan has a wide range element which can perform in the different format, as the plan for a company with a couple hundred employees will be totally different from the new startup company without any representatives. The certain key elements of the business plan, such as executive summary, business description and structure, markets and competitors, management plans, financial plans, and risk management were drawn with general concepts in following sections which included some discussion for bubble tea store.

3.2.1 The executive summary

The executive summary can be thought as an elevator speech, a more detailed one. Since this is the first impressions of a business plan, it should summarize the whole idea in an exciting way with well-written and clear points that makes the reader want to go further till other sections. It concentrates the essence of the business plan and reflects the whole picture of the business, it considers as the core of the whole plan. This overview complete as the final planning stage but place at the front to the document. Generally, a good executive summary is one page in length and contain the business model and opportunity with the plan for appealing at the target market. The outline of the marketing and sales strategies includes the competitor's analysis. A snapshot of growth estimation with couple years finance forecast should be also mentioned in it. The last part should describe all the potential risks and the plans to deal with. (Ward 2017.)

For the startup business, this is a challenge to describe its future planning while lacking the existing operating data from the past. So, it is very important to state a clear and realistic plan that can convince the readers to believe this plan will put the company on the right track and lead to success after the company is up in the market and running in real. Specially to mention the owner's academic, practical background or if the company has any business advisors, mentors can help to address the scope of what they can provide the client's needs. Since the readers might not be familiar to the product or service, the language should not contain too many technical words, that the readers can easily and quickly follow up and understand the whole story. (Toolkit Media Group 2008,23; Accion 2018.)

Since there are no bubble tea shops in the region, people do not know this product. The executive summary for a bubble tea store should start with a clear mission statement in what the bubble tea shop does and what is the philosophy in business. Then outlines the store concepts with unique and exciting points, emphasis on how to make bubble tea shop different from others and the strategy to reach out target group. As no direct competitors in the market, plan should focus on its unique selling position to sell bubble tea. The statements include its opportunities and competitive advantage from other indirect competitors, such as brewing technology or high-quality ingredients. Then the highlights of management team plus an overview of prospective expenses and revenues should describe in the end of this section. (Boba Academy 2017.)

3.2.2 Business description

This section points out the company's opportunity and explains what kind of problems are going to be solved. It should describe the company's ownership, structure, its missions and goals of the business. Such as what the business will do, to whom will it sell the products or services, how the company will implement these things, what is the value of this business idea and why would customers be interested in these products or services. The description shall express from the customer's point of view, details in the product's characteristics and its performance. The competitive advantage with other competitors, how the features can enlarge the value to consumers, whether holding or pending any patents, trademarks or copyrights of products shall be set as outlined in here also. (Duermyer 2016.)

For a bubble tea shop, this business description is about the "5w – who, what, when, where, why" questions of the business plan. It can be seen as a business model, which refers to a plan of making money. The information delivered the brand of tea shop and its ownership, the service style and target customers, the shop's operation time and the physical location. The principle of writing the plan are, a good location can bring in crowd, good service will keep the customers, and the good quality can spread the reputation. The next statement should describe a sample menu with potential costs and how often does shop upgrade the menu. Last section should fill with a Gantt chart that lists all tasks to performed, the calculation of ROI (return on investment) and the plan to improve the profits. (Boba Academy 2017.)

3.2.3 Industry analysis and competition

The main purpose of this section is to discover and show the knowledge of the market that company is performing within. Therefore, market analysis is a key part of the business plan. It gathers all the information about the size of a market, the consumer's need and preferences, competition structure, and the market entry barriers. (Fontinelle 2018.) It is an evidence to prove that the company can really launch in the market with its uniqueness and becoming a sustainable business. The analysis of the market should be from the macroscopic perspective to the microcosm, based on the data, a detail description of the position of the company related to other players in the market. All those highlights will show the planner's well understanding its market and how do their company can fit into the market- Moreover, this analysis might be a key factor to get the stakeholders to invest. (Toolkit Media Group 2008, 31.)

This analysis normally begins with defining the industry that the business belongs to, it also called industry analysis. The steps for research start with identifying the industry dominate economic features (MBA lectures 2010.). Then describe either this industry's historical data or it is a new and expanding in its life cycle. By using the existing financial data can help to forecast industry growth rate as well. (Nigudkar 2011.) Next section should outline those major players within the industry with its strengths and weaknesses, include details on the company's competitiveness in the whole industry. The SWOT strategy is a commonly used method for industry analysis.

The strategic planning tool, SWOT stands for strengths, weaknesses, opportunities, and threats. Strengths and weaknesses are internal factors, opportunities and threats are external factors. (Ovidijus 2013.) The SWOT analysis can be implemented within the company, organization or an individual project work. A SWOT diagram analyzes by focusing on each factor in four boxes, the shape of it can be varied on design. It helps the company to develop the strengths, eliminate the weakness, exploit the opportunities and counter the threats. (Uusyrityskeskus 2017.) It provides the criticized view of the current state, and presents which part should be put more attention on.

Though the strengths and weaknesses are internal factors, the analysis should compare to its competitors. Strengths are built up by critical success factors with the competitive advantage. Shore up weaknesses by putting up disadvantage and list up the solution way. Analysis highlights on human resources with employees and target consumers, physical resources with location and equipment. Opportunities and threats are external factors which impact the company but not controlled by the company itself. There are some aspects of figuring out the opportunities and threats, such as, market trends with new technology and changeable consumer's needs, economic trends with local and international, relationships with suppliers, environment and economic regulations. (Fallon 2017.)

Competition exists in every field of business, and the competitor is not only the enemy that the company must fight with but also the clues that help the company to establish a realistic expectation for the market. A proper competitive analysis could prevent the unnecessary risks that the company might face, it also can provide the potential opportunities. (Haden 2015.) The competitive analysis shall start by organizing competitors into groups by how directly they are taking the market share. Head-to-head competitors, also called direct competitors, are the one that provides the precisely the same product or service. Sometimes competitors, also called indirect competitors, are the one that provides a slightly different product or service or are located in other places. For example, a bar singer's head-to-head competitors would be other bar singers, but sometimes competitors can be other musicians or the background music machine also. (Butler 2014; Curtis 2014.)

The way to collect the competitor's information vary by different industries. Nowadays the online resources, such as websites or e-commerce stores, can provide lots of information. The exhibition would be a great opportunity to collect competitor's brochures, to chat with their suppliers, distributors or even the customers. Moreover, acting as a customer and shop at competitors to gather the direct messages would be other option to collect competitor's information. Then highlight competitor analysis by setting up a competitive strategy. There are three common competitive strategies: cost leadership, differentiation or niche which can be running individually or combined. Cost leadership is meant to focus on offering the cheaper price than the competitor, but it is not necessary for all the services or products. The advantage of this strategy is to attract and gain customers easily when starting the business. But this strategy has low profitability, it shall not run for the long term unless the company have found the cheaper supplier than the competitor. (Curtis 2014.)

Normally, the target segmentation for a bubble tea shop is Asian people, because they are familiar with this product. Consumers are more likely to buy a product they have previously shopping experience or are known about it. Though Vietnamese are the biggest population among immigrants in Jakobstad, but the population of Asian people is still not big enough. Therefore, the market definition should also consider the element of new product acceptance. The competitor analysis section contains two parts, direct and indirect. As the bubble tea shop is new in the market, there is no direct competitors. But there are plenty indirect competitors, such as cafés, ice-cream cart, supermarkets, and restaurants. Therefore, competitive strategy can emphasis on differentiation and niche. Especially when Finnish coffee culture made Finland become the greatest coffee consumption in the world, this business plan should also point out how to introduce a drink to a non-drinking tea person. (Boba 2017.)

3.2.4 Management plan

Whether a small business or a big company, effective personnel are always one of the important elements to create a more efficient and capable business. The professional and skilled personnel in the organization can be a key factor to get the investment. Investors may concern about the roots of the business idea, what are the strengths for the management team and if they are specialist in technology or market. Therefore, the sketch of management plan should contain personnel's educational background, previous work experiences, other relate skills and individual duties which shall logically connect to the core competitiveness of enterprises. A good management plan will not only attract the readers, but also help to evaluate the skills, experiences, and resources of the management team will need. (Toolkit Media Group 2008, 58; Haden 2015.)

The management plan usually divides into several parts, such as ownership structure, internal management team, external management team, and human resources needs. The legal structure of a small business can be a sole proprietorship, partnership or a corporation and the description should include the percentage of ownership in the company. An organization chart with identifying the departments and each position performing can easily guide readers. A small business may start with sales and marketing, administration and production line categories, add the human resources category if there are any employees. For tempting the investors, it

is a great plus to set up a mentor's category also. The mentor as retired executives or successful entrepreneurs can provide their expertise to fill up the management team's shortage. (Haden 2015.)

Next description for management team should mention the salary structure for each position in the company which shall include the worker's compensation insurance and benefits. The last part of this section is the staff recruitment plan. The information shall contain how to find suitable staffs and how to train them. Even though the solo startups shall also demonstrate this information to show the picture of the future growth. (Ward 2017.)

This section meant to convince the reader or investors that the company have great hiring and training program to find the perfect employees to run the business. The operation plan for a Bubble tea shop is not that complicated as the staffs in the tea shops usually are not exceed 5 people in general. Normally the business plan focused on staff procedures, suppliers and customer service categories. In staff procedures, concentrate on description of the organization chart with duties and training program. But for the solo entrepreneur, with similar previous working experience background or professional training would attract the investors believe the plan. In the suppliers' section, focus on evaluating the supplier's reputation in order to ensure products' safety and quality. The last part is about the policies regarding customer service and how to maintain it. The details of the inventory system, operating programs, and payroll management should also mention in this chapter. (Boba 2017.)

3.2.5 Financial plan

The financial plan is among the most critical parts, especially for the new entrepreneur or new startup when they do not have any current data to provide, thus it will need lots of time make it clear. Normally the readers will expect to see the clear statement on the financial projects and cash flow, then to determine its future financial profitability status and return on investment. Therefore, while drawing on future progress, the planner should also mention the current operation situation and the numbers should be logically through the entire of the plan. (Butler 2014.)

A good financial plan should guide the readers to understand the company's financial position and operating results, what is company's capital structure and cash flow, the growth rate of revenue, what are company's income channels, and what are necessary payment. Therefore, a detailed plan is not only attracting the investors but also motivating the whole team toward the goals. (Toolkit Media Group 2008.) The theory of financial plan emphasized on two keywords, break-even point and cash which is discussed as below.

The break-even point is must know part of financial information. It is the point where the sales volume exactly equals to fixed and variable costs, which the company earns nothing but will start making the profit. Break-even point can be riskiness alarm for the company. In some case, a company can have good revenue but still making a loss, therefore, the break-even point should keep it as low as possible. To be able to calculate the break-even point, there are 3 key numbers to keep in mind, revenue or sales price, which is the money received by selling products or services. Variable costs, which contain those raw materials, energy usage, distribution costs, etc. Monthly fixed costs which are those operating expenses, even if the company does not sell any single product or service, for instance, property rental costs, fixed wages, insurance etc. (Queensland government 2016.)

The formula to calculate break-even point with an example:

Contribution margin = sales price – variable costs

Sales price €50 - Variable costs €25 = Contribution margin €25.

Break-even point = fixed costs ÷ contribution margin

Fixed costs €42,000 ÷ contribution margin €25 = Break-even point 1680 units.

The company needs to sell 1680 units to not making any loss.

(adapted from Queensland government 2016)

Cash is king. Running a company cannot only be judged by income statement. In some case, large companies suddenly collapsed even though they are in the profit stage, the cause of they are out of liquidity, they have no cash to pay bills while awaiting the payment from customers. Therefore, a good cash flow management is absolutely important to prevent the failure of the enterprise. Most businesses do not have the profit when they start, so it is necessary to plan how much capital is needed until the profits start to come in. Some bank or investor will check this part to decide the amount of loan or funding. There are three factors should be considered while planning, such as inventory turnover, accounts receivable and payment day. Due to

sometimes, the company is required to pay for the goods to suppliers even though the goods are still not sold. Besides, B2B buyers normally have a longer period of payment date, it might be four or five months. These would infect the cash flow management. (Goodman & Hawkins 2015.)

The Bubble tea's financial plan meant to clarify where is money going while the business is moving forward. Considering the bubble tea store usually locates in a store front, and it does not need that big space as other business. The overhead would not be that much to start with. Therefore, three key factors for a bubble tea store are investment plan, break-even analysis, and expected cash flow. While outline the initially investments, the details of fixed and variable costs should include. Then calculate the amount of bubble tea cups need to be sell hit break-even and estimate how the shop will perform in each season. These would tempt the reader to believe in this business idea. (Boba 2017.)

3.2.6 Risk management

A risk is something that may or may not happen. A business activates are affected by all sorts of risks, while it cannot be avoided, it should be managed. Risk management helps the company to minimize the risk till acceptable levels by understanding, identifying, measuring, and analyzing the risk. Wherever the company is on its growth journey, risk management must be implemented as part of the day-to-day business activity. As the business grows, the risks to face will change, and progress of risk management should also be developed. This is what the investors and other stakeholders would like to see the company know exactly the risks he is dealing with, and the risks are also under the control. (Blackwell 2011.)

A risk may perform in many different ways, and they may appear at any part of the company while the industry and environment change. Thus, the wide view to exam the risks is necessary. Effective risk management allows companies to fully understand their own risks and react on a good timing, in order to ensure the companies can quickly recover from it and continue on normal production and operating activities. (Goodman and Hawkins 2015.) All risks cannot be just wiped out in any tools or forms of risk management. But with good risk management, though it cannot be prevented not to happened, it can reduce the frequency and scale of the

risks. The process of risk management contains identify, analyze, plan, and action. (Clayton 2012.)

Risks cannot be managed if they are not identified. Identify the potential risks can be done by SWOT analysis, brainstorming in a group, or root cause analysis, etc. Once the risks are found, analyze is the next step. The company should understand what those risks are, and pile them in different catalogs, such as market risks, competitive risks, technology & operational risks, financial risks, people risks, legal & regulatory risks, systemic risk. (Business insider 2009.) The plan can start with evaluation and approach to risk avoidance, risk reduction, risk sharing, and risk retaining. Nothing will change until the action. (Rouse 2016.)

As more and more small business' marketing strategy focus on e-commerce, bubble tea shop also follows this trend. The shop would run by some software with computer, for instance sales program and inventory system. Therefore, the plan to avoid viruses' attacks and regularly data backup would be the first issue for risk management. The products in bubble tea shop are beverage and snacks, which the hygiene standards and food safety guidelines should also mention in the risk management. The assets of a bubble tea shop are reputation, equipment and employees. The plan should list out how to avoid the slip, falls and burns that would happen in the store, and how to maintain the equipment. (RPA 2017.)

3.3 MARKETING STRATEGY

Marketing is one of the key factors for a successful business, this is important that entrepreneur understand its logic and build suitable strategies toward their own target. There are different definitions of marketing from different perspectives and development perspires. Philip Kotler defined the "marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating, offering, and exchanging products of value with others." which can refer to core concepts of the market as a figure. (Kotler 1994.)

In other words, the goal of marketing is to meet the needs and desires. And the core of marketing is an exchange. This exchanging process involves the social and management while looking for the opportunities to meet the needs and desires of both parties. To have a smoothly exchange process, the marketers should reach the balance between creating the value of

products and satisfaction of customers' needs, which could be seen in figure 4. Professor Philip Kotler has updated the understanding of marketing in 2013, he said: "What is marketing? Simply put, marketing is the process of building profitable customer relationship by creating value for customers and capturing value in return. Marketing is managing profitable customer relationships" (Kotler 1994.)



FIGURE 4. The core concepts of marketing (adapted from Kotler 1994, 7.)

In marketing, a business strives to influence the behavior of consumers. The aim of marketing is to create, maintain and develop customer relationship. Maintaining customer loyalty is important because acquiring new customers is often much more expensive than keeping old ones. Loyal key customers usually create the majority of sales volume. For many, the basis of entrepreneurship is a well-maintained group of regulars who also bring new customers through recommendations. Success in the markets requires a good knowledge of the business environment and the competitors as well as distinguishing oneself from the competitors. It is good for a business to investigate which product group it wishes to sell a product to. Even though acquiring a large group of customers is tempting, it is worth focusing on the most important customer group that generates the greatest sales for the enterprise with the least effort. (Reuvid 2008; Kerpen 2011.)

Classifying the target market into groups will benefit the marketing planning. There are four common ways to divide the market segmentation, such as demographic segmentation, geographic segmentation, psychographic segmentation, and behavioral segmentation. Demographic segmentation is based on who will need the products or services. The basic groupings are gender, age, family size, income level, and education. This segmentation helps to divide a mass population into characteristic groups thus can large efficient and shorten the time of marketing promotion. Geographic segmentation refers to where are the customers located and the

size of the area. This segmentation can help business to target the exact customers from either wide as the international countries or small as a village. Psychographic segmentation applies to why do customers make choices to buy the products or services. The personality and life-style information from this segmentation help company to figure out customers shopping habits and frequency, therefore, the company can to provide more benefits for customers. The behavioral segmentation means the customers buying behavior which is a bit like psychographic segmentation. It based on how they act as customers when they are purchasing the products or services, it can catalog by loyalty, occasional, usage, and benefits sought. (Kerr 2018.)

Marketing to a certain segment would reduce the number of customers, but at the same time, it would increase the effectiveness of marketing. There are various ways of specifying a certain segment, such as customers' age, where they live, their purchasing power, and their shopping habits. For example, when company want to promote children's toys, it is worth focusing on areas where there are lots of families with children or on a baby magazine that is read by new parents. (Goodman 2004.) The marketing mix 4Ps, e-commerce, and sales were discussed in the following sections.

3.3.1 Marketing mix 4Ps

The American marketing professor, Edmund Jerome McCarthy, proposed the concept of the marketing mix 4Ps in 1960. (Oxford reference 2018.) This foundation model refers to product, price, place and promotion. A company uses these four broad levels of marketing decisions to promote its product or service in the market. The term marketing mix is intended to mean that the market demand is more or less affected by marketing variables or marketing elements. In order to seek a certain market response, enterprises should effectively combine these elements to meet market demand and maximize profits. This 4P's is constrained by internal and external factors in the overall business environment, and they interact significantly with one another. (Kotler & Armstrong 2008.)

Product refers to the goods or services that offer by a company. A product should meet a certain consumer demand, or it should be so compelling that consumers believe they need it. To be successful, marketers should understand the life cycle of a product, and business executives should have a plan for dealing with products at every stage of their life cycle. The type

of product also partially dictates how much businesses can charge for it, where they should place it, and how they should promote it (Goodman 2004). Bubble tea is a simple beverage therefore the concept of product would focus on its design, quality and branding. For instance, the container of bubble tea is a transparent cup, usually the design would be on the sealing top with a logo pattern on the bubble itself. The origin ingredients from Taiwan would present its quality and branding which ensure to stand out from other competing products.

Price is the amount of money consumers would pay for a product. Pricing the products or services is often tricky and required some markets research at first, as the pricing affect the sales. Marketers must link the price to the real and perceived value of the product, but they also must take into account supply costs, seasonal discounts, and prices used by competitors. In some cases, business executives may manipulate a price to make a product seem more like a luxury, or they may lower a price so that more consumers can try the product. Moreover, price margin is one of the important factors for business. With the high-profit margin, there is no pressure to sell a big load of the products or services. In other words, the company will need to sell a large number of products or services to keep up the benefit, if the profit margin is low. Pricing may be critical to find the balance between the customer expectations and operating costs in the marketing process (Chaston 2009, 162-181). Since there is no direct competitor for bubble tea shop in the region, the pricing strategy would adopt from national market and what customers are willing to pay for bubble tea.

Place refers to where the product is sold and how it is delivered to the market. The marketers tend to place their products in front of the consumers who are most likely to buy them. Due to this fact, it is important to define the correct channel of distribution in order to avoid the waste resources. In some cases, this may refer to placing a product in certain stores, but it also refers to the placement of the product on a store's display or where a product is showcased on a web page. (Uusyritys keskus 2017.) Bubble tea shop marketing concept is selling product direct to customers; therefore, the distribution channel would be a physical shop or a cart. The location of the shop should be in a busy place that can attract the potential buyers. Besides, for the trendy e-commerce, the bubble tea shop would also perform online to engage the online customers.

Promotion is the communication field of the entire marketing function, it includes advertising, public relations, and promotional strategy. A good promotion can boost company's recognition

and sales, thus it usually ties into the other three Ps of the marketing mix, as promoting a product show consumer why they need it and why they should be willing to pay a certain price for it. In addition, marketers tend to tie promotion and placement elements together, so they can reach their core audiences. (Acutt 2015.) This section for a bubble tea shop would focus on the word of mouth, advertising on social media, events and special offers.

3.3.2 E-commerce

Nowadays, e-commerce is getting popular, more and more people search for products, read the reviews, purchase goods online. Going online and being engaged in various online activities can create value and have wider access to clients in order to help the company to stand in borderless commerce mode easily. Therefore, even a small company should meet its customers online, in addition to its small store or other traditional sales channels. Moreover, getting involved with e-marketing can reduce the costs to increase cash flow, for instance, saving the printing promotional materials fee. (Uusyrityskeskus 2017.) Web visibility can take the form of ready-made media space on chargeable internet search services, the company's own website or an online store. In the case of all visibility, the company should regularly update the information and make sure that it can be viewed with all devices, including a mobile phone and a tablet. An online store, like other websites, is a good way to collect information and build a customer register. (Dann & Dann 2011.)

Social media is not free and cannot lead to overnight success. But for a starting entrepreneur, the social media is a cost-effective way to reach potential customers. However, presence in the social media requires time and a systematic approach from the company to achieve the desired results. A company need not be present in all social media channels, so the first step is to determine which channels the potential customers of the company favor. The use of the different social media channels varies inter alia by age. Presence in social media requires that the company is continuously active. Furthermore, the company must have the willingness and time to be on social media. So, consider with care what the company can do and increase its social media presence within these limits. (Kerpen 2011.)

Social media is primarily a communications channel and therefore one should avoid direct advertising. It is worthwhile to produce useful and/or entertaining social media contents that are

pleasant to follow and easy to share. Social media offers a possibility to invest in a positive and capable image when a customer needs product or services from the field of the company, the company will be the first in his/her thoughts. The process of gaining loyal customers with social media marketing strategy contains: think and act like a consumer, invite customers to be a fan, responds quickly to all comments, be honest and transparent, make it easy and compelling for customers to buy. (Kerpen 2011; Uusyrityskeskus 2017.)

3.3.3 Sales

It is said, “entrepreneurship is sales work”. Sales abilities play an important role for both being a successful entrepreneur and continuance of business. The journey of being an entrepreneur will end if the customers are not interested in buying, even though the products or services are brilliant. Today's salesperson is a professional manager involved in building a long-term relationship with customers. By tailoring a presentation to an individual customer, the salesperson can solve their problems and satisfy their needs better. Good sales skills are a way to differ from the competitors. Efficient sales work helps to convince the customers and give rise to functioning integration between a company and a customer. (Uusyrityskeskus 2017.)

The most important aspect in the sales work is to recognize the needs and expectations of the customer. Trust between the customer and the sellers is essential for successful sales and the maintenance of the customer relationship. The creation and strengthening of trust are the basic elements of sales work. A sales process may take from a few minutes to even years depending on the products or services offered. It includes many phases from the initial contact and then making an offer to contractual negotiations and the finalizing of the sale. Sales should be planned ahead: use of time, acquisition of customer information, tools to follow up the sales, as well as the necessary support material. Some people think that sales work requires certain personality traits and social skill, but sales skills can also be studied and developed. (Ward 2017; Berry 2018.)

Though sales and marketing are both aiming to increase revenue and help the company grow, but the concepts are different. Marketing introduces the company to the market place, tend to increase attention and tempt people to contact company. The core of marketing is to understand the customers need, want and demand in order to provide the value products that satisfy

them. Sales is converting message direct into individuals and steer them to purchase the product. The core concept is establishing individual relationship, emphasis on closing deal with its negotiating skill. Table 2 listed out the main difference between sales and marketing. However, both the sales and marketing are needed for a company and should collaborate to have the capacity toward better or maximum revenue level. For instance, marketing assigns the potential customers to sales which sales will then follow up with. Afterwards, marketing analysis the progressed along the sales and assess how successful the campaign was. This will ensure to have a better campaign measurement. (Glen 2013; Hughes 2017.)

TABLE 3. The difference between sales and marketing (adapted from Glen 2013)

Sales	Marketing
Target on small groups / individuals.	Target on big groups.
Sales is closing the deal, selling the product.	Marketing is getting buyer's attention, about the prospect.
Aim on short term process to generate revenue.	Longer process of establishing the brand and reputation to generate customers' interest.
Converting consumers' demand to match the products.	Meeting the consumers' demands.
Sales develops relationships, a deeper understanding of individual customers want.	Marketing analyzes big data, the result is not specifics.

4 RESEARCH METHOD

The common market research methods are quantitative research methods and qualitative research methods. These two research methods have obvious differences in function, problem-solving, and data collection. The core of quantitative research methods is seeking "how many" questions, which is used to quantify opinions and behaviors. The core of qualitative research methods is discovering "why" questions, which is used to gain an understanding of underlying reasons and motivations. (Bhat 2018.) For the objective of this thesis, the quantitative research methods were applied to discover whether there would be enough potential market to start a bubble tea shop and customers preferences. The qualitative research methods were used to obtain the same industry owner's opinions by a phone interview. The results of the research were presented in graphs together with analysis later.

Quantitative research defines as gathering the data from prospective customers by using sampling methods, surveys, questionnaire, polls etc., the results can be analyzed in statistical methods which are usually displayed in digital numbers. Its purpose is to determine the difference between the objectives in the population and construct statistical models trying to explain what is observed. Since the result is hard to be changed, all aspects of the study should have proper preparations and design carefully. The numerical data is usually gathered by structured questionnaires or interview surveys. And the research results normally are representative of the population, therefore, it is important to get larger sample sizes to be comparable. (University of Southern California 2018.)

The data of qualitative research methods usually obtaining through open-ended communication. Through the in-depth interview of a target audience, the researcher can try to understand the respondents' thought and motivation. (Bhat 2018.) The result of qualitative research methods is non-numerical data but more descriptive data. For deep analysis, the data should be collected in wide and detail which can help to explore insight easier. There are several frequently used qualitative research methods: one-on-one interview, focus groups, ethnographic research, case study research, and phenomenology research. The one-on-one interview was the main method used in this thesis. This method is designed on a personal interview which is one respondent at a time with in-depth conversation, aim to get the meaningful data. (University of Southern California 2018.)

When the author used the quantitative research methods in the study, there was no focus group selected, the research samples were collecting from different segmentations of the population. The research was designed as anonymous questionnaires with both closed and open statements. The aim of the study was to discover the acceptance of new product and potential consumer segmentation. The quantitative research was held three times, the first data were collected in Kronoby on 18th of November 2017, the second data was collected at a Christmas event in Jakobstad on 9th of December 2017 and the third data was collected in Kronoby on 6th of January 2018. The questionnaires were given out to those respondents who had a cup of free trial bubble tea. The total of fifty questionnaires were analyzed together as a whole and described in following chapters.

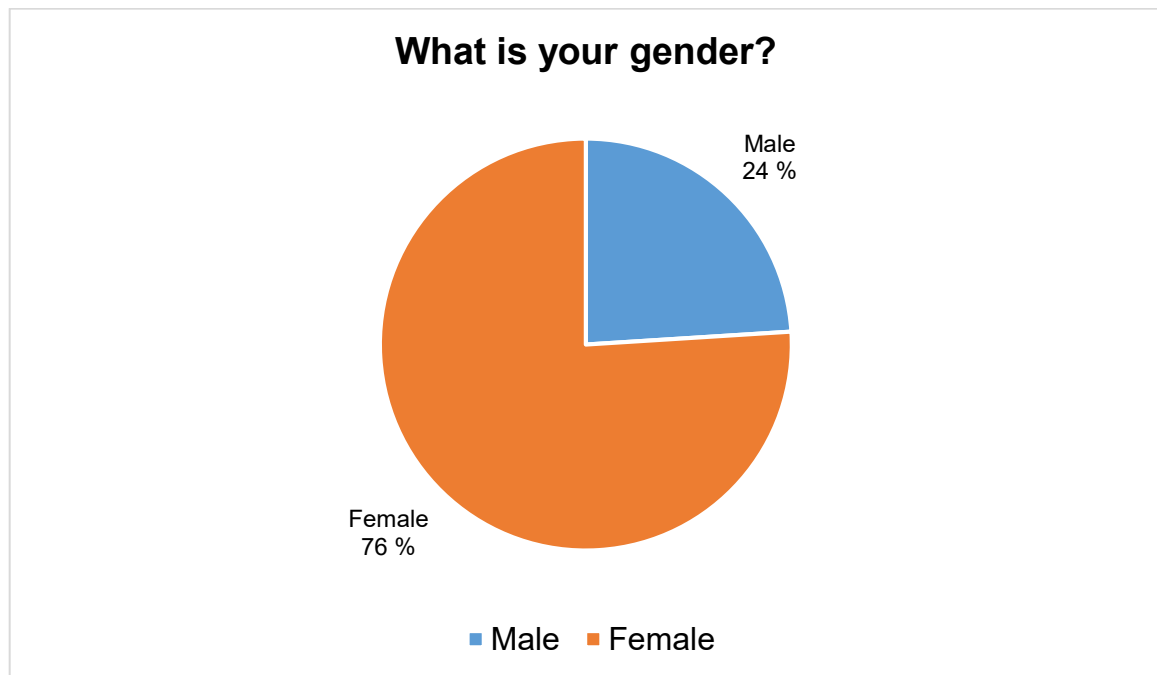
The second research method was qualitative research. This individual interview was made with a bubble tea shop entrepreneur. The purpose of this in-depth interview was to gather information and in order to figure out what are key factors of establishing a bubble tea shop and creating the business plan. The bubble tea shop entrepreneur has been running the business for more than six years with stable income. This interview was conducted on 10th of January 2018 on telephone. The detail information was discussed in following chapters.

4.1 Quantitative research

The survey conducted in this study was questionnaire of Bubble tea for a small-medium sized city. There were 50 respondents collected for representative result of the questionnaire. The aim of the research was to figure out the demand for Bubble tea in the region. The questionnaire consisted of 6 statements and 2 open-ended questions. The questionnaire was distributed to those people who had a free trial size of bubble tea. The data was collected from 15th of November until 6th of January 2018. The questionnaire was built up by first establishing the gender and age of the respondents. The following two questions concerned the respondents' purchasing habits and frequency. The next two questions examined respondents' reaction of Bubble tea and how do they value it. The last two questions considered if respondents could become a loyal customer and anything they would like to suggest. The questionnaire survey was enclosed as the Appendix 1-2.

4.1.1 Gender and age

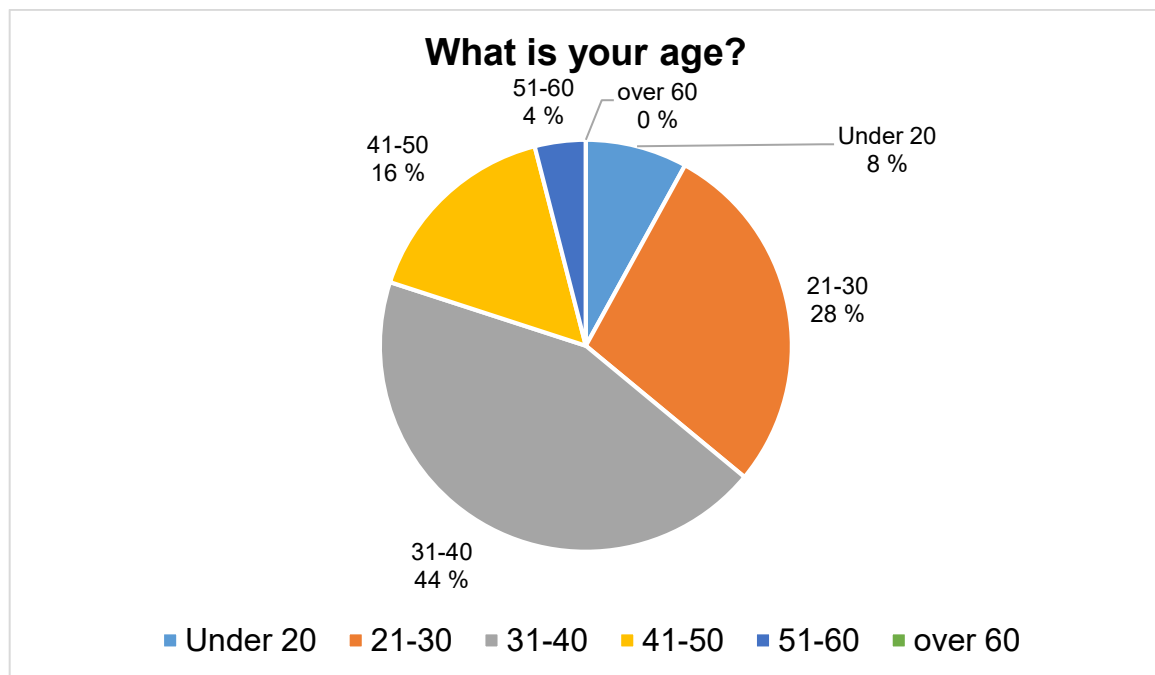
There were thirty-eight female respondents and twelve male respondents participated in the questionnaire survey. The largest group answering the survey was female. This result is shown in Graph 1.



GRAPH 1. Gender of the respondents

Bubble tea is a new product in this region, people are not familiar with it. As most Finnish are shy and reserved, even though the author offered the free trial sample, some audiences were still a bit unsure to try it. From graph 1 appeared that little more than three quarters of respondents were female, this result showed they were more readily accepted the new product. This seems promising to the bubble tea shop that the female customers will be the main stream. Therefore, when bubble tea shop enters the market, the market plan should be specified in designing and attracting female customers. It is a said, women are the world's most powerful consumers and they are more likely to recommend the products to their friends. But this does not mean that bubble tea shop would have a big revenue when targeting them. Hence, bubble tea shop's CRM strategy should focus on individual behavioral analysis.

The age groups of the questionnaire were divided in 6 groups. In age distraction of the respondents, the majority respondents were aged between 21 to 40, there were fourteen respondents between 21 to 30 years old, and twenty-two respondents between 31 to 40 years old. There were eight respondents aged between 41 to 50. There were only four respondents aged under 20 and two respondents aged between 51 to 60. There was no respondent aged over 60. (GRAPH 2).

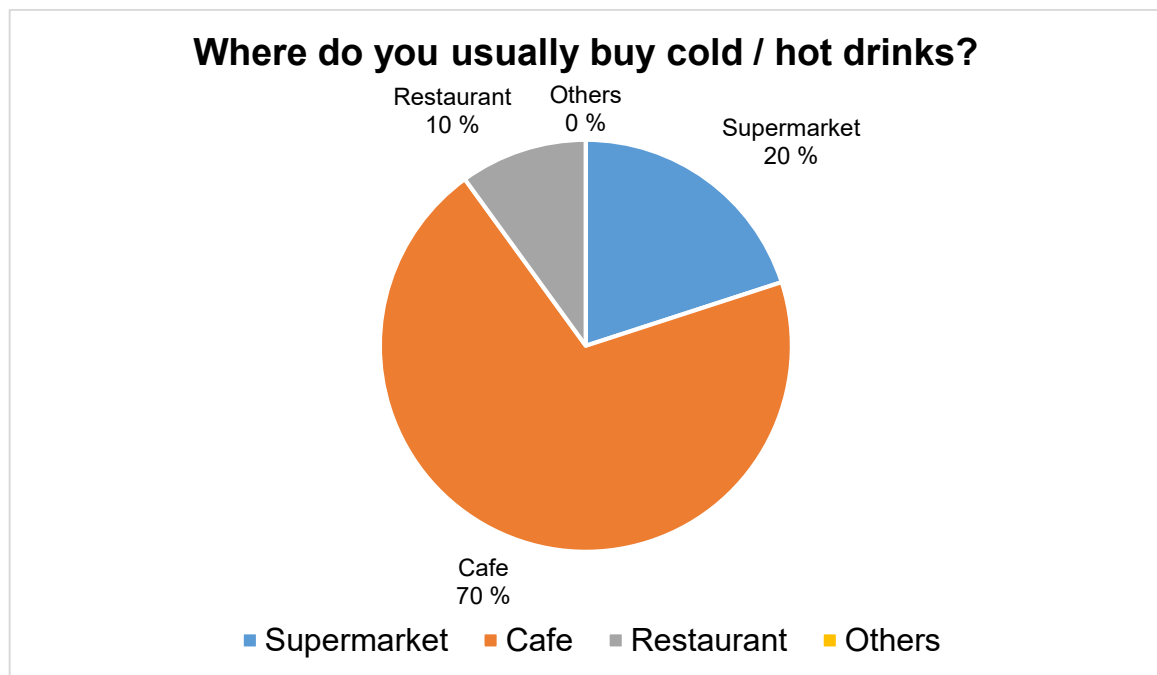


GRAPH 2. Age of the respondents

The responses from the statement showed the most respondents were aged between 31 – 40. The original planned target group of bubble tea shop was younger generation, for they are the one like to try out new things and hang out with friends. But two main groups of respondents were aged 21 – 40, they cupud 74% of total. With this highlight, the idea of target segmentation for bubble tea shop can be wider, as the middle-aged people have more shopping power than younger generation. Furthermore, this category of audiences is little more mature in knowing what they need. But in the other hands, there was no participant in senior group which can be seen as they are not strongly interested in new things, they are more likely used to traditional food style.

4.1.2 Consumer purchasing habits

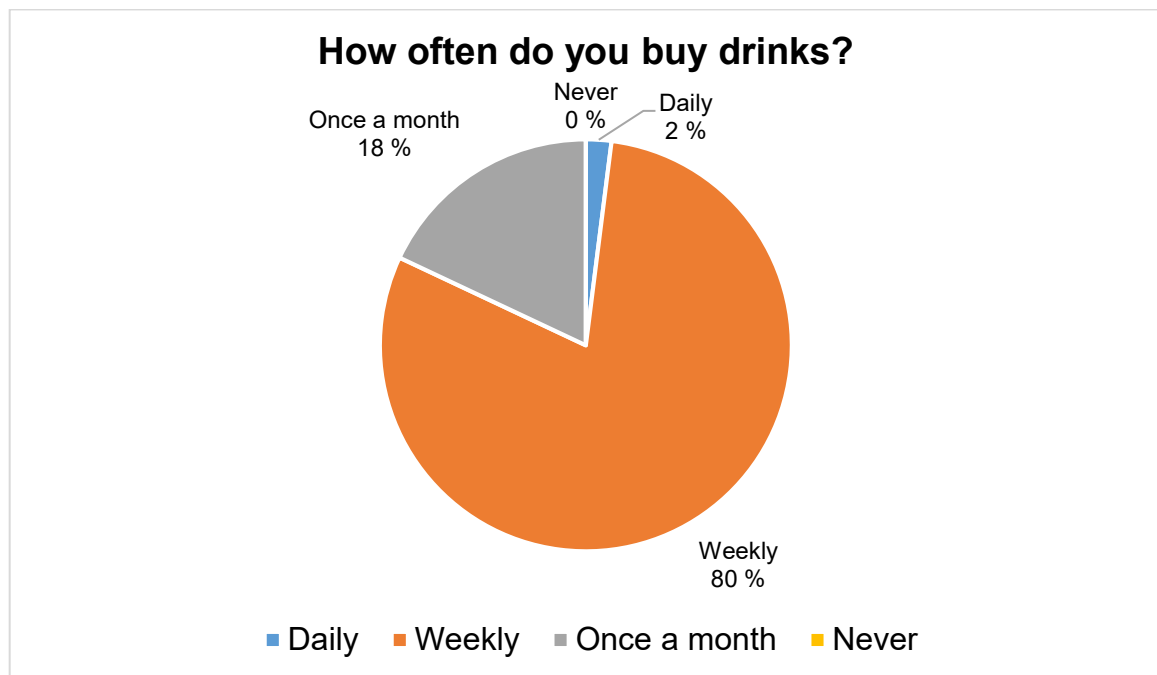
The second part of statements was focused on consumers' purchasing habits. The aim was to examine where do consumers normally shop the beverage and how often do they shop the beverage. As seen in graph 3, there were thirty-five respondents who answered that they normally purchase a beverage at café, ten respondents purchase at supermarkets, and five respondents purchase at restaurants.



GRAPH 3. Shopping habits

Graph 3 showed that nearly three quarters of respondents go to café to buy cold or hot drinks. In other words, people in this region have a culture that hang out at a café, which is a great sign for bubble tea shop. With nice and warm welcome environment, bubble tea shop can be an option for this target group. But further investigate should carried out on the time they normally visit the café, how long do they usually stay there, and why do they come back. There is another issue need to consider if targeting this group. Most of bubble tea shops in Asia suite at the storefront without seating area for customers, cause of the purchasing model focus on takeaway. But many bubble tea shops in European countries provide seating area. This can be seen that European are more likely enjoying the atmosphere while seating at the bubble tea shop.

In frequency statement, the question in the survey was how often the customers buy drinks. This important question refers to the high shopping frequency which is one of the factors that increase the sales. There were forty respondents who buy beverage weekly, nine respondents buy once a month and only one respondent buy daily (GRAPH 4).

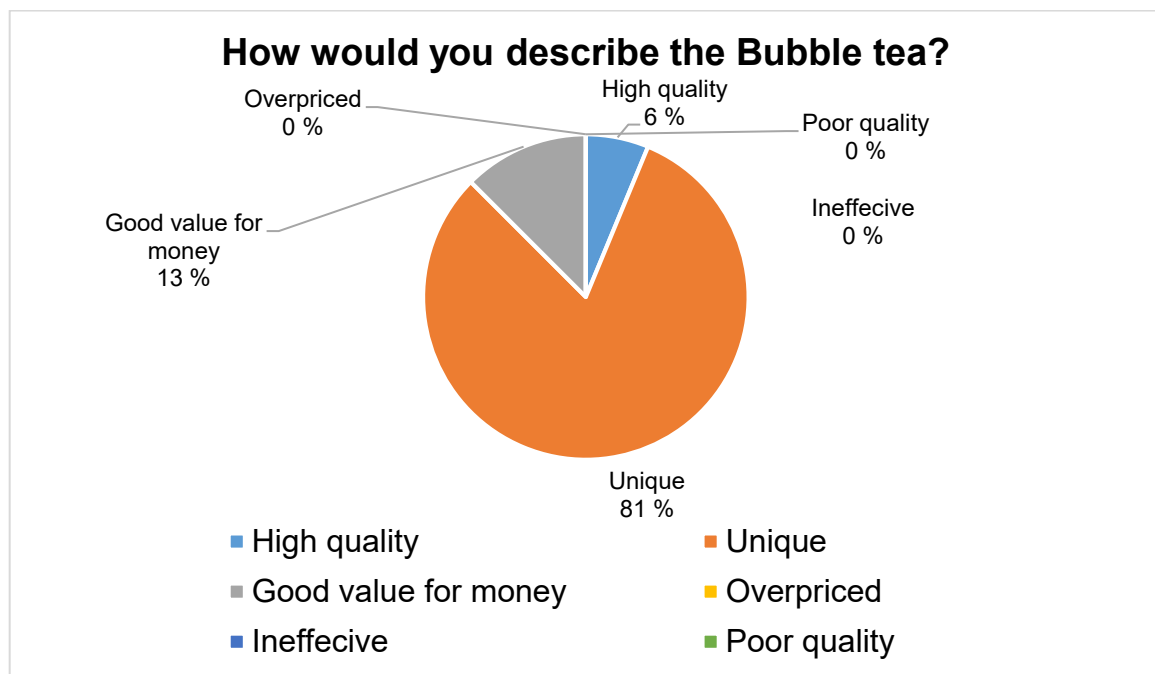


GRAPH 4. Shopping frequency

The result of this question shows that mainly respondents buy drinks weekly, which can define them as regular customers. The shopping frequency is closely related to consumers' hobbies and expenditures. From marketing strategy, this can be seen as a key point. For helping the business to get further ahead, marketing strategy should also focus on increasing return rates, for instance, how to tempt those customers that come once a week to visit the bubble tea shop twice a week or even more than that. There are many ways can attract customers, such as inventing the new flavor regularly, VIP cards, buy 10 get one free, or different events, etc. The author would suggest that further research could focus on the relationship between shopping frequency and price.

4.1.3 New product acceptance and preference

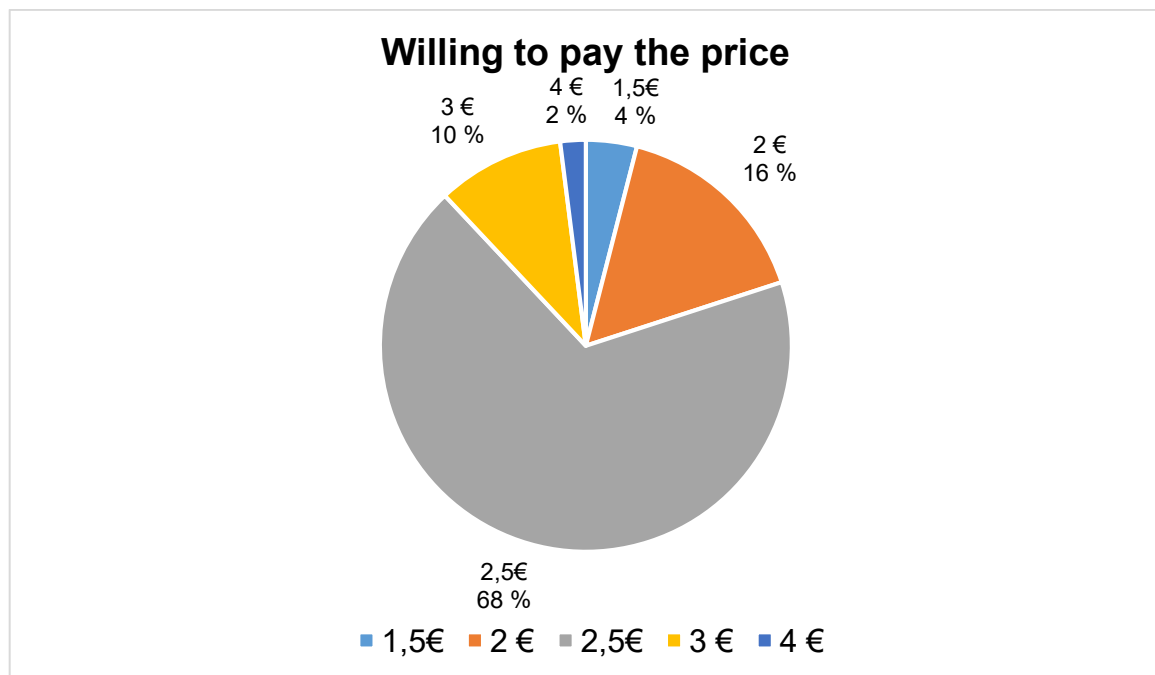
This section of statements was linked to find out the new product acceptance and the preference of bubble tea. The first question asked to describe respondents' expression of bubble tea. There were six options given for respondents to choose what was their expression of Bubble tea after tasting it. There were thirty-nine respondents answered that the bubble tea is unique, six respondents think the bubble tea is good value for money, and three respondents believe this product is high quality. There were two respondents left blank in this question, for they were instructed to leave blank if they felt unable to answer. (GRAPH 5).



GRAPH 5. Expression of Bubble tea

As results, 81% of participants stated bubble tea is a unique product. The author believes this is a great sales point on differential from the market, especially with positive commend as high quality and good value for money. The bubble tea shop marketing plan should list out the benefits of bubble tea that meets customers preference. But for further research, the author suggests that design this question as an open-end one, for collecting more expressions and reactions of bubble tea.

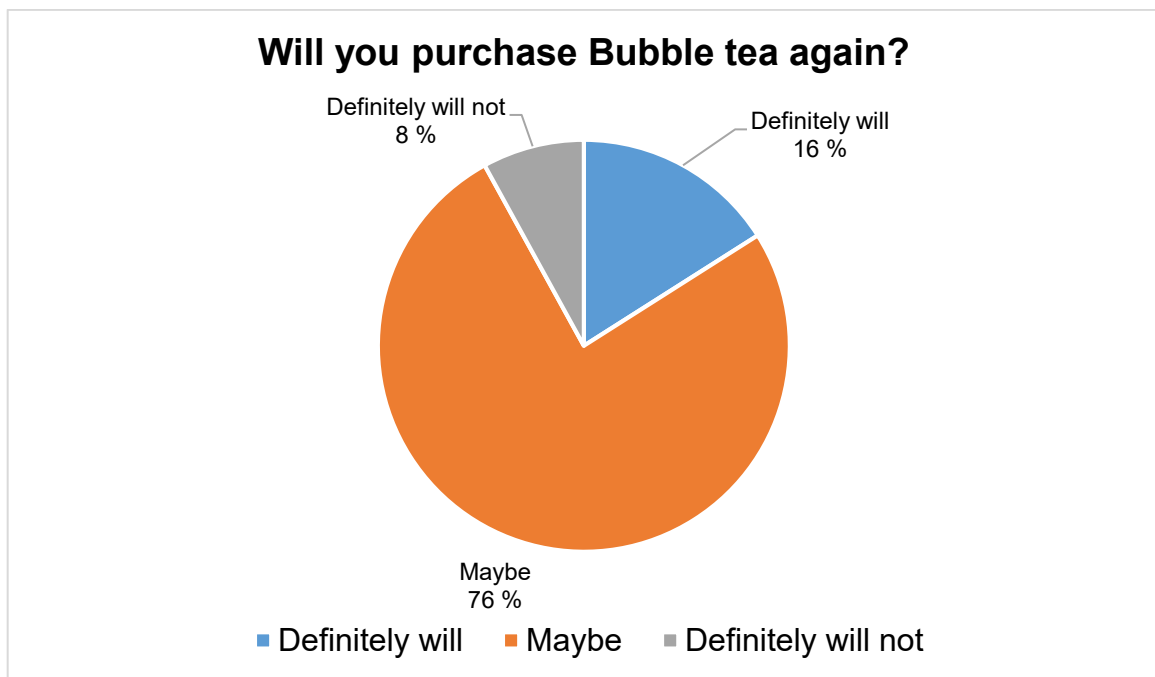
The objective of statement 6 was about the pricing. The interviewees were asked how much they are willing to pay for a cup of bubble tea. The respondents could write down the price in this open-end question. The results in graph 6 showed that the price respondents are willing to pay for Bubble tea is between 1,5€ to 4€. There were thirty-four respondents filled 2,5€ as a reasonable price for Bubble tea, eight respondents filled 2€, five respondents filled 3€, two respondents filled in 1,5€ and one respondent filled in 4€.



GRAPH 6. Be willing to pay the price

The aim of this question is getting an overview of how expensive the product can be. Graph 6 showed that 68% of respondents think the reasonable price for bubble tea is 2,5€ which is lower than the author expected. Because the cost start at £3,6 in London, 3,2€ in Germany, 3€ in France, 4,5€ in Helsinki, they are all higher than 2.5€. But it can be explained by the fact that the offering sample were in a normal coffee cup size, and the respondents did not know the regular size of bubble tea are 500ml and 700ml. In fact, there was a small size volume of 360ml at first, but demand in Asia market for bigger volumes in bubble tea lead to the standard size of 500ml, and later 700ml. The author assumed that the cost between 3-4€ a cup would be a reasonable price if the size of bubble tea is 500ml.

Statement 7 relates to consumers' demand. The author wanted to know if those respondents would like the Bubble tea and want to buy it in the future or become a return customer. There were only three options of this question, definitely will, maybe and definitely will not. There were thirty-eight respondents answered with maybe. Other eight respondents said they will definitely purchase bubble tea again, and the rest four respondents clicked the box of definitely will not buy bubble tea again. (GRAPH 7).



GRAPH 7. The demand for Bubble tea

The meaning behind this questionnaire was to discover if customer like the product, in order to build up or spread out the reputation. But the result showed that three quarters of respondents did not have desire of bubble tea yet. In graph 5, 81% of respondents stated the bubble tea was a unique product, but it did not give enough attraction to commit them to purchase again. This would be one research question for further investigation. The author believed that there are many flavors of bubble tea, such as coffee flavor, fruity flavor, chocolate flavor, oreo flavor which are all served in cold drinks, customers would find their likable taste. Due to the cold weather in Finland, the author suggested the further research should be conducted in summer time.

The last question was the open-end type, that respondents could freely to comment or suggest for improvement. Out of the fifty people, sixteen respondents have some more things to say about Bubble tea. The answers were as follows:

- A bit sweet for my taste, I would prefer sweet in cold.
- Not used to the “lumps” in the drink.
- Do not like the “lumps”.
- The balls stuck inside my mouth.
- Those small balls in the drink were surprising me. Do not know if it is good or not.
- Interesting taste.
- Really special idea to mix ball with the drink.
- The tea was delicious, but the texture of the balls was weird.
- Do not know how to deal with these chewy gummy balls. Just swallow it?
- I would prefer the tea without those balls.
- It would be interesting to have licorice flavor.
- Different.
- The balls do have taste.
- The balls inside was really interesting.
- It is actually quite nice.
- Never have chewy tea before, milk tea is good.

From those opinions that the respondents listed, most people were not that used to tapioca balls. In reality, bubble tea shops offer more additional topping choices than tapioca balls, such as different fresh fruits and different fruity jelly. So, the topping issue can be taking into the further research. Overall, the result of this questionnaire helped the author to have a deeper understanding of the market. The answers from those respondents not only show the representative number of customers, but also illustrated their wishes and ideas. Therefore, this research can bring an advantage in business planning and marketing strategy

4.2 Qualitative research

This individual interview was conducted in January 2018. The participant was the bubble tea shop entrepreneur who has more than 6 years experiences. The interview was designed with 3 sections that was consisted of 11 questions. First section was discovering the startup issues. The following section was concerning the operating issues. Last section described its current situation. The information collected were analyzed and discussed in 5 subjects. The full 11 questions were attached in appendix 3.

4.2.1 Reason to start a Bubble tea shop

The interviewee stated that he has wanted to run his own business and had paid attention to different business ideas, startup capitals, marketing techniques...etc. He figured out that Bubble tea shop has a lower bar to enter because it has fewer startup capitals if compare to a restaurant. Moreover, this industry does not need special cooking skills due to bubble tea is easy to make. For instance, as those tapioca balls are prepared ahead of time, he only needs to pour in cup, shake or blend then seal it when a customer comes. No stress at all. And since the Bubble tea shop business model focus on takeaway section, it does not request many workers. In this way, he does not need extra employees to start with.

4.2.2 Materials resources

The interviewee explained that Bubble tea originates from Taiwan and has a whole set of equipment to assist in the preparation of the drink. The easier way to start with is being a franchise, therefore the franchisor will provide everything and traineeship. But for the financial issue, he did not purchase a franchise, instead, he only bought some needed specialized equipment from Taiwan factory, like cup sealing machine, shaker machine...etc. Since most of the ingredients are challenging to find in Finland, plus he would like to provide the original taste for customers, so basically, he purchases those ingredients from other countries, which increase his costs with shipping.

4.2.3 Location and competition issues

The interviewee stated that location is very important for Bubble tea shop, it should locate in a busy place where plenty of people pass by. Therefore, his shop was located in a shopping mall in the city center. But he argues that Finnish people usually do not come into the mall during the summer, could be their culture or personality make them prefer to stay in the sun. So, he also established a cart to stand in the market square during the summer time. He did not have any direct competitors in his region, but plenty of indirect competitors, like café, slush store, and restaurants around his shop. Due to the budget of the marketing, his strategy was focused on social media and mouth to mouth.

4.2.4 Target groups and star / cash cow product

Two questions were asked to find out the target groups and its cash cow / star products. The interviewee stated that the local Finnish residents were his target group. He does have some Asian customers, but the most regular customers are Finnish. The water melon flavor was the most popular one. Moreover, not everyone is hooked in tapioca balls. Some customers think it is weird, while for others it is addicting. Therefore, he has invented different menu regularly to attracting customers, such as combing the waffle with bubble tea.

4.2.5 Challenges

The interviewee mentioned that one of the greatest challenges is that sourcing of quality tapioca balls and the toppings. The other challenge is limited selling time, as summer is too short in Finland. The sales declined a lot during the winter time if compared to the summer time. Even though, he still has no problem with this income. He stated that the average income of operating bubble tea shop was pretty much equal to a normal employee. Therefore, he suggested that those would like to startup a bubble tea shop should have proper business plan and truly understand the product and market, no matter if they want to buy a franchise or start as an individual one.

4.3 Reliability and Validity

Both reliability and validity are fundamental of measurements when applied to a research study. Reliability refers to the stability or consistency of a measure, that can be repeated under the same or similar conditions to achieve consistent or stable results. Research reliability can be categorized as table4. Validity refers to the research is accurately measured to what it was supposed to, this is essential to determining the quality of the research. The common ways of characterizing validity are face validity, construct validity and internal validity. (Social research methods 2006.)

TABLE 4. Type of research reliability (adapted from Social research methods 2006)

Inter-rater	Different people Same test
Test-retest	Same people Different times
Parallel-forms	Different people Same time
Internal consistency	Different questions Same construct

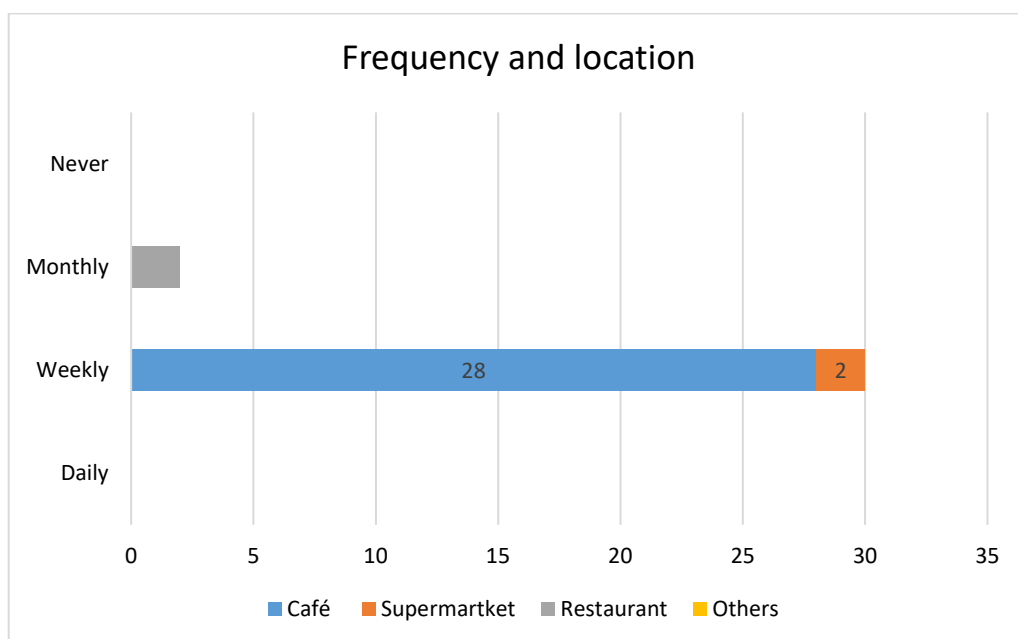
In this study, the participants in quantitative research were collected by the random sampling in each demography, for instance male, female, young, middle-age and old. This random sampling was used to have an accurate representation of Jakobstad. The author believes that even though the research would do with inter-rater reliability, the percentages of agreement would be similar in study. Moreover, both the quantitative questionnaires and in-depth interview questions for qualitative, were conducted relate to the theoretical framework that laid out at the first half of the thesis. With systematic processing, the validity of this study was to ensure that the statements would be clear and understandable.

5 FINDINGS

In this chapter, the findings of the study were summarized, and they will be reflected in the theoretical part of the thesis. The first section was about quantitative and qualitative research. The results were compared to see what adjustments should be made to target the audiences. The SWOT analysis of Tea Stop and the Tea Stop business model canvas were drawn in section 5.2 and 5.3.

5.1 Quantitative and qualitative research

The first block of the study was the street interview, the purpose was to understand the market. The author would like to know what customers feel about it, what do people like and dislike, and how does Bubble tea fit into the market. As mentioned in graph 1, the majority of respondents were female. When author combined graph 1 and graph 2, the female aged 21-40 were thirty-two out of fifty in total. Since 70% of respondents purchase hot or cold drinks at café (see in graph 3), thus the assumption was the biggest respondents, female aged 21-40, usually hang out with friends or family at café once a week. Graph 8 showed that twenty-eight respondents out of thirty-two have habits that they purchase hot or cold drinks at café once a week. This hints that planning the marketing strategy should put more attentions to this target group.



GRAPH 8. How often does female aged 21-40 buy cold/hot drinks at café?

In the questionnaire the interviewees were asked what reasonable price for a cup of bubble tea is, 84% respondents answered between 2€ – 2,5€. This led to the conclusion that there is a need for packaging of the product, to add massive value of the bubble tea that customer would like to pay more. The pricing strategy should concern more on customers' tastes and preferences.

The second part of the study was a telephone interview of a Bubble tea shop owner which was aiming to find out the issues of being an entrepreneur, startup plan and marketing strategy. Due to the business secret, the author did not get many details of the business plan. However, the shop owner did mention some valuable information for this study in entrepreneur and marketing strategy sections. As an immigrant, language is always being the biggest issue for living even though he had some professional skills from earlier, therefore, he wanted to become an entrepreneur and he proved this is the best option for him. In the beginning, the author discussed the challenges of looking for a job for immigrants. There are three biggest issues, language, overqualified, and lack of connections. Language and culture are the two biggest barriers that all immigrants must deal with, but people may still not understand their accent or improper grammar even they speak Finnish. And it certainly takes times for immigrants to understand and practice the culture that they were not growing up with. So, the motivation for him to start a Bubble tea shop did match to that.

In marketing strategy, the Bubble tea shop owner has position difference from normal café. He focusses on take away section which means there is no seating area provided. His target segmentation is not only Asian people but also local residents, in fact, most return customers are Finnish people. He also adjusted and continuing upgraded menu to attract audiences, especially to Finnish taste. He uses social media to promote his company, but he has not been updating information for a while. Since Bubble tea considered a seasonal product with the rush season and slow term. The author believes that during the high peak, hire an extra staff who is properly trained to shorten the customer waiting time, will help increase sales. And at the low season, the owner should put more attention on social media to integrate with customers, not only to keep the loyalty customers but also to attempting new ones.

In accordance with all data and analysis, bubble tea is a unique product with no doubt. But the majority of respondents stated on return rate as "maybe", which means the bubble tea still needs more demonstration to attract customers in order to get more recognition and increase new product acceptance. All in all, it seems that it is probably not the right moment to establish a bubble tea shop, at least before future research for a bigger number of respondents should be conducted, with the different flavors and serve with cold drinks. Another approach for launching the bubble tea is by beginning with a small project such as a tea stall or street vendor cart for building up the potential bubble tea lovers. Meanwhile, set up the following customer survey to determine how satisfied the customers are with bubble tea stall. Once the business is making a profit, then they can consider upgrading to a storefront in a popular area.

However, there were limitation of this market research. First was the source of getting materials for Bubble tea sample testing. Bubble tea serves with a big fat straw in the cup, therefore the tapioca balls can be sipped up. The author had shopped all types of straws from the shops in this region, but none of them were big enough for tapioca balls. In addition, Bubble tea is a seasonal product as customers prefer to have a cold Bubble tea than a warm Bubble tea. This research was done in the winter time with warm Bubble tea, which means that the customers did not have a chance to taste the cold Bubble tea, thus the result of the study has limitation to perform the customer's new product acceptance.

5.2 The Tea Stop SWOT analysis

The bubble tea stop SWOT analysis was made by reflecting to market research. In FIGURE 5, the strengths for the Tea Stop were its unique products, fast service and customized beverages. Relevant to those, there is no similar product were provided in the market which considered as opportunity. And the green tea product would also fit in the healthy trend market demand, as more and more Finnish like the benefits of green tea. In weakness factors, Tea Stop was a new thing in the region, marketer would need to emphasis on educate the customers to increase acceptance. The other issue would be the suppliers. Ingredients from abroad would increase the running cost. The external factors of threats were the coffee addicted Finns and plastic straw ban. Tea Stop would need market strategy to attract those coffee lovers and the alternative plan for plastic straw ban.

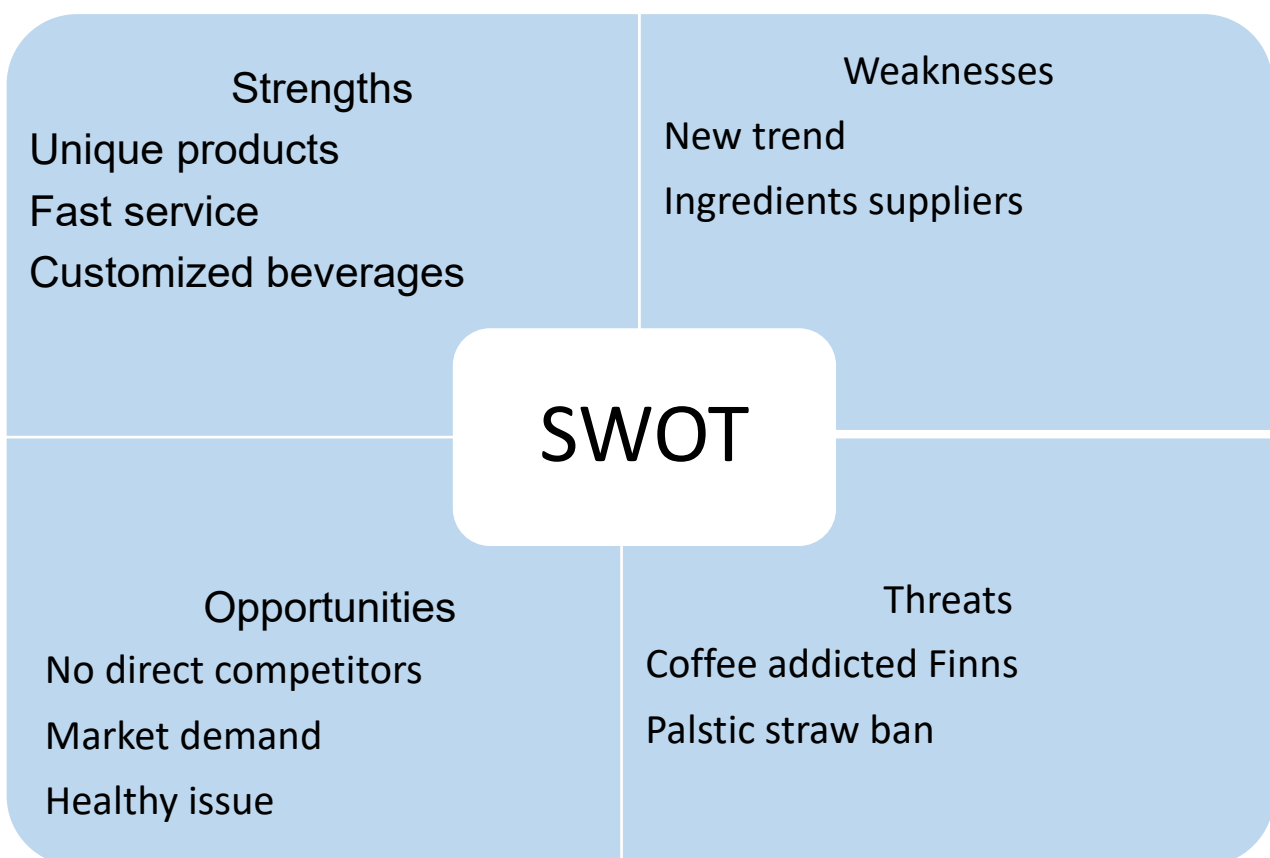


FIGURE 5. The Tea Stop SWOT analysis

6 CONCLUSION

The motivation of this study was to start a small business for digging out the job opportunity for immigrant. The author found the fact that Finnish government encourages people to establish a new business not only by providing knowledge training but also with a short-term startup grant support. The purpose of this basic income is to secure and help the business passing through the difficulties at the beginning and be on track as soon as possible. Commonly, immigrants face different challenges in finding jobs as the language, culture, or network issues. With positive Finnish policy, the author believes that being an entrepreneur is one of viable career options for immigrants for sure, even though there will be many frustrations and uncertainties along the way.

The framework of this study was modified many times, because of the topic turned out more challenging than first expected. For the objective of this study, the author obtained a "NY startup" course during the year of 2017 – 2018 to inspect her idea of introducing Taiwanese tea culture to Finnish people. The course contained each section of starting up a business. Through theory and group discussion, the author has learned how to convert a business idea into a business plan, and how to develop a business model canvas. The author also had a chance to promote the bubble tea at a Christmas market last December. Unfortunately, the author did not have any sales, though there were many people walked by or even stop at her stall. People seem a bit conservative when facing the new products. So, the author decided to give out the free sample of bubble tea and collected the questionnaire survey at the same time. The potential problem the author has observed was the customers were uncertain with non-familiar product. If operating the Tea Stop in real, the next step would be focus on educating the customers, which could target on younger generation.

Finally, there was a subject that was not discussed in the study, but the author would like to point out – plastic straws. For reducing ocean pollution, plastic straw bans are spreading worldwide nowadays. Starbucks plans to phase out by 2020, Disneyland plans to drop by 2019, McDonald's ban at UK and Ireland now, Alaska Airlines is the first one to phase out plastic straws...etc. Straws play a needed role of bubble tea, is not only for sucking up the tapioca balls, but also can break through the sealing of the cup. With this plastic straw ban, the bubble tea shop will need to have compostable alternatives to plastic straws. Bamboo straw, paper

straws, steel straws, and glass straws are alternatives in the market, some bubble tea shops in the US have started to use. The plastic straw ban will come to Finland soon or later, therefore, when building up the business plan, this issue should be taken into concern also.

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Bubble Tea

Marketing Survey

1. What is your gender?

Male

Female

2. What is your age?

Under 20

31 – 40

51 – 60

21 - 30

41 – 50

Over 60

3. Where do you usually buy cold / hot drinks?

Supermarket

Others

Café

Restaurant

4. How often do you buy drinks?

Daily

Once a month

Weekly

Never

5. Which of the following words would you use to describe our products?

High quality

Overpriced

Unique

Ineffective

Good value for money

Poor quality

6. What price do you think is reasonable for Bubble Tea?

7. How likely are you to purchase our products again?

Definitely will

Definitely will not

Might or might not

8. Are there any other comments you would like to mention about Bubble Tea?



Bubble Tea

Marketing Survey

1. Vad är er kön?

- Man Kvinna

2. Hur gammal är ni?

- Under 20 31 – 40 51 – 60
 21 - 30 41 – 50 Över 60

3. Var brukar ni köpa kallt eller varm drycker?

- Butiken Annat _____
 Café
 Restaruang

4. Hur ofta köper ni drycker?

- Dagligen En gang I månaden
 Verje vecka Inte alls

5. Vad tycker ni om våra product?

- Hög kvalitet För dyrt
 Unik Ineffektiv
 Bra valuta för pengarna Dålig kvalitet

6. Vilket pris tycker ni är rimligt för Bubble Tea?

7. How likely are you to purchase our products again?

- Definitivt vill Kanske Inte alls

8. Are there any other comments you would like to mention about Bubble Tea?

Questions for a Bubble tea shop owner in Finland

Starting the business:

1. How did you come up with the business idea?
2. How did you prepare for startup?
3. Did you have business plan?

Operating the business:

4. Did you buy a franchise?
5. What are your supply channels?
6. How did you find the right location?
7. What is your marketing strategy?
8. Who are your target groups?
9. What is the most popular flavor?

Others:

10. What are the common problems in this industry?
11. Is there any advice you would like to give to those who want to start the business?