

YOUTH TEA DRINKS SHOP

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ABSTRACT

This business plan first introduces the project's background, the ready-made tea market. After the initial iteration, it is the best time to enter the market. The company's products mainly focus on the tea market, "people-oriented" as the company's development purpose, leading the green, healthy tea and leisure new life.

This paper uses the five forces competition model to reveal that the tea beverage project has certain advantages and disadvantages and will face threats from existing competitors and potential entrants. After a comprehensive examination, the project's overall benefits can be maximised by differentiating the competitive strategy.

For the market environment, we have collected and analysed data using questionnaires. Young and middle-aged people are the mainstream consumer group, there is more room for development in second and third-tier cities, and customers pay more attention to the offline consumption experience. Through analysis of the project's image and brand positioning, the product was positioned as "green" and healthy, capturing the psychology of the target consumer group and successfully implementing the concept of green and youthful sales.

The paper also focuses on the funding plan and financial indicators. In the investment profitability calculation, the ROI = 127%, indicating that the project has a very good return on investment. This suggests that the project is economically viable.

Keywords: industry analysis, market analysis, marketing plan, operational plan, production design, financial analysis

CHAPTER 1 Executive Summary

With the improved living standards and changing consumer attitudes in China, beverages have moved from luxury items to daily necessities. By **2020**, China's tea beverage market will reach **410.7** billion yuan, accounting for over **35%** of China's non-alcoholic beverage market share. China's freshly brewed tea market has reached 100 billion yuan and achieved rapid growth in recent years, with the market share growing from **16.4%** in 2015 to **27.7%** in **2020.0**. **In 2021, the** number of freshly brewed tea shops nationwide has exceeded **500,000, and** the annual consumption amount of the national market has exceeded **140** billion yuan. Ready-made tea is expected to become the largest sub-circuit in the tea industry in the future.

From the market segmentation analysis, it is concluded that the post-90s have become the mainstream consumer group, there is more room for development in second and third-tier cities, and customers pay more attention to the offline scene consumption experience. So, And youth tea shop project product positioning for health and youth will target market positioning: the main teenage students, the auxiliary market for white-collar workers, and the potential market for middle-aged and older adults.

The Woyoung tea and beverage shop is designed to offer a range of products such as milk tea, fruit tea and freshly brewed tea. The staff organisation includes a general manager, shop manager, cashier, operator, etc. The structure of 4-5 people. The initial investment cost is 124,100 yuan. Annual operating income of \$119,232.00, yearly fees of \$81,951.71, annual profit of \$33,417.17 the first year to recover the entire investment and achieve profitability.

This paper details the business plan for the And Youth Tea Drinks Shop through nine chapters, including a company introduction, industry analysis and market analysis.

CHAPTER 2 Company Profile

1. Shop name: Sanhe And Youth Tea Drink Shop
2. Nature of company: Individual business
3. Store structure: contains shop managers, cashiers, operators, etc.
4. Operating conditions of the shop: Business hours are from 8 am to 10 pm, with reasonable adjustments in time and personnel during the high and low seasons.

5. the shop's purpose: "and youth, drink health", adhering to the people-oriented purpose of the shop, always adhere to "green health" as the main idea.

6. Product service and characteristics: The shop mainly provides tea products, such as tea drinks, smoothies, shaved ice, milk tea, etc. The shop is equipped with a wireless network, allowing customers to access the Internet for leisure wirelessly.

CHAPTER 3 Industry Analysis

3.1 Market analysis

The scale of the tea beverage market has been steadily increasing, with ready-made tea beverages growing the fastest. The total market size reached RMB410.7 billion, accounting for over **35%** of China's non-alcoholic beverage market share. The market share of ready-made tea drinks is increasing. China's ready-made tea and beverages market has reached 100 billion yuan and achieved rapid growth in recent years, with the market share growing from **16.4%** in 2015 to **27.7%** in **2020**. In **2021**, the number of ready-made tea and beverages shops nationwide has exceeded **500,000**, and the annual consumption amount of the national market has exceeded **140** billion yuan.

3.2 Five Forces Model Analysis

According to Michael Porter's five forces model of competition, the market's competitive nature is analysed.

1. Threats to potential entrants: barriers to entry: low brand loyalty, low capital requirements, and low conversion costs, but constrained by two factors, geographical factors and management policy constraints, cannot just enter in large numbers.

2. Analysis of existing competitors: There are many similar businesses, such as dessert shops, soymilk shops, and fruit stalls next to bulk herbal teas. The price of these products is not high, and the resistance between manufacturers is fierce.

3. Threat of substitutes: supermarkets have herbal teas, sugar water, desserts and other products that are less expensive than ready-made tea drinks, which have a price attraction and are threatened by substitutes

4. Purchaser and supplier bargaining power: ready-made tea drink shops, consumers are in the upper peak; suppliers, because they are franchises, raw material market, raw material suppliers, suppliers bargaining power is low, in the lower elevation. These two are not obvious enough in the industry

Analysis of the five forces model shows two of the five factors with the greatest competitive forces: the threat of substitutes and the rivalry between existing vendors. The bargaining power is low for consumers but relatively high for suppliers. Entry is difficult; exit is easy.

Response strategies: To reduce the threat of substitutes and target low brand loyalty, promotion can be strengthened to increase the audience rate and gradually form belief; differentiation can boost competitiveness. Strengthen the promotion of nutritional value so that more people will consume it. It is recommended to set differentiated products and prices according to the surrounding market.

CHAPTER 4 Market analysis and marketing plan

4.1 Market segmentation

The tea beverage market is segmented as follows.

1. The post-90s generation has become the mainstream consumer group: it accounts for 50% of the new ready-made tea consumption group, and the post-80s generation accounts for 37%.

2. Female consumers occupy a dominant position: they account for 70% of the consumers of new ready-made tea.

3. There is more room for development in second and third-tier cities: the number of ready-made tea stores in third-tier and lower-tier cities increased by 138% compared with two years ago, while the growth rate in first-tier cities was only 59%. 4. Consumers pay attention to offline consumption experience: only 17% of consumers choose takeout.

4.2 Marketing strategy

1、 Promotional marketing: Posters are posted on store walls and doors to show the corporate image and the logo of the project. Publish soft articles and videos on Jitterbug, Racer and other APPs to attract wide attention from society.

2、 Promotion strategy: produce targeted special drinks for specific groups, such as white-collar special drinks,

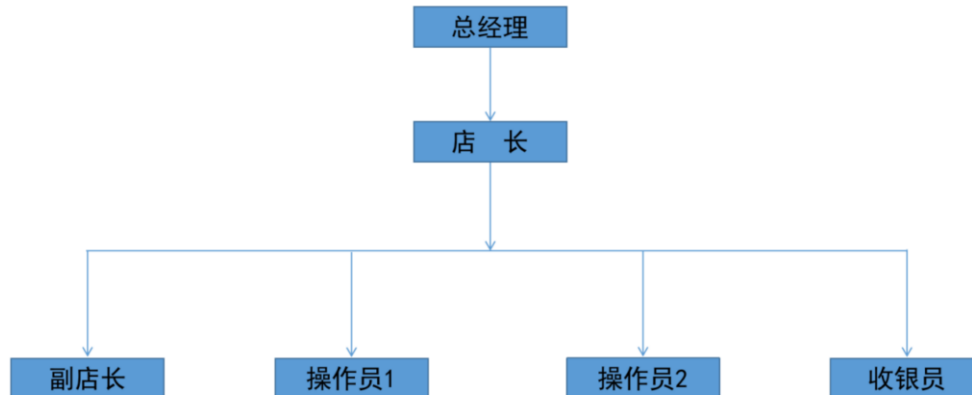
etc.; establish membership points mechanism; holiday discounts and other promotional methods.

3. Price strategy: full coverage of low, middle and high-end people: special tea: 4-6 yuan/cup, normal tea: 8-10 yuan/cup, boutique special tea: 12 yuan/cup.

4. Sincere marketing: use personal social networks as well as word of mouth to improve the visibility of tea-drinking stores.

CHAPTER 5 Management team and corporate structure

5.1 Organisation chart



5.2 Introduction to the team

1. General Manager: Mr Jia Buqiang. He has more than 20 years of experience in the Internet industry and management experience and has accumulated a wealth of industry contacts and resources.

2. Store Manager: Ms Liu Ying, college graduate, finance professional with many years of extensive chain brand tea and beverage management position experience, familiar with mastering the catering workflow.

CHAPTER 6 Operational planning, product design and development planning

The "and youth" tea store adopts an operational consumption model that combines offline store sales and online sales.

6.1 Operation strategy

The store actively implements the tenet of being "people-oriented" and strives to improve the ability of independent innovation and improve the quality of tea drinks.

6.2 Products and Services

We offer the following five product series to satisfy consumers who like various tastes and prices. Specifically, there are milk tea, smoothie milk cover, fruit tea, freshly brewed tea, special drink and other series.

6.3 Development Plan

The first two years are to establish their brand, recover the initial investment and begin to make a profit to improve the company's reputation; the third and fourth years are to further expand the company's project so that the company has a certain brand impact, and begin to establish a chain of branches in the province; the fifth and sixth years: to ensure the quality of service and improve the level of service. Create a well-known domestic tea beverage company.

CHAPTER 7 Financial Analysis

7.1 Basic data

1. The shop is 35m², with one external shop manager, one cashier and three servers.
2. Renovated and ready at the end of the year before opening. The production load is up to 100% of the design capacity in the first year. The production period is five years, and the calculation period is five years.
3. The project is entirely self-funded.

7.2 Investment costs

The basic investment capital is \$10,326.60, the working capital is \$7,724.29, the annual operating expenses are \$6,760.48, and the estimated investment in the first year is \$17,087.07. See the following table for details:

Fee Schedule							
Classification	Projects	Fees	Unit	Number	Subtotal	Remarks	
Underlying investments	Renovation costs	\$4,819.08	Item	1	\$4,819.08	\$136.9/sqm	
	Equipment costs	\$4,130.64	Item	1	\$4,130.64		
	Opening Fee	\$1,376.88	Item	1	\$1,376.88	Business licence, preliminary publicity	
	Total underlying investments					\$10,326.60	
Operating investments	Shop rent	\$509.45	Item	1	\$509.45	\$0.48/day/sqm	
	Personnel salaries	\$413.06	Month	5	\$2,065.32	5 people	
	Miscellaneous Utilities	\$55.08	Item	1	\$55.08		
	Purchase fee/raw material fee	\$4,130.64	Item	1	\$4,130.64		
	Total working capital					\$6,760.48	
	Liquidity	\$2,574.76	Item	3	\$7,724.29		
	Total liquidity					\$7,724.29	
Total investments					\$17,087.07		

Note: Working capital is calculated as 3 times the sum of staff salaries + shop rental costs

7.3 Total cost estimate

Depreciation cost calculation: Assuming a fixed asset life of 5 years, annual depreciation cost = product cost / 5.

Total cost estimate table						
Serial number	Name	First year	Second year	Third year	Fourth year	Fifth year
1	Room rent	\$6,113.34	\$6,113.34	\$6,113.34	\$6,113.34	\$6,113.34
2	Workers' wages	\$24,783.72	\$24,783.72	\$24,783.72	\$24,783.72	\$24,783.72
3	Miscellaneous Utilities	\$660.90	\$660.90	\$660.90	\$660.90	\$660.90
4	Raw materials	\$49,567.66	\$49,567.66	\$49,567.66	\$49,567.66	\$49,567.66
5	Depreciation	\$826.08	\$826.08	\$826.08	\$826.08	\$826.08
6	Initial investment	\$18,050.86				
	Total cost of ownership	\$100,002.57	\$81,951.71	\$81,951.71	\$81,951.71	\$81,951.71

7.4 Sales forecast revenue

The estimated per capita consumption in summer is \$1.38, with daily traffic of 300 people; in winter, the per capita consumption is \$1.38, with daily traffic of 60% of the summer, which is about 180 people, and the annual sales revenue is estimated to be \$119,232.00, See the following table for detail

7.5 Calculation of sales tax and surcharges

The company is self-employed in nature and is subject to business tax, urban maintenance and construction tax and education surcharge. The regulations calculate annual sales tax and tariffs, and the products are subject to business tax at a rate of 3%, urban maintenance and construction tax at a rate of 5% business tax, and education surcharge at 3% business tax.

Annual sales tax and surcharges				
Serial number	Projects	Amount of tax	Amount	Remarks
1	Product sales revenue		\$119,232.00	
2	Total sales tax and surcharges		\$3,863.12	
3	Business tax	3%	\$3,576.96	
4	Urban and rural construction and maintenance tax	5%	\$178.85	
5	Education surcharge	3%	\$107.31	

7.6 Breakdown of profit per year

Profit and Loss Account						
Serial number	Projects	First year	Second year	Third year	Fourth year	Fifth year
1	Total cost	\$100,002.57	\$81,951.71	\$81,951.71	\$81,951.71	\$81,951.71
2	Total operating income	\$119,232.00	\$119,232.00	\$119,232.00	\$119,232.00	\$119,232.00
3	Operating profit	\$19,229.43	\$37,280.29	\$37,280.29	\$37,280.29	\$37,280.29
4	Amount of income tax	\$3,863.12	\$3,863.12	\$3,863.12	\$3,863.12	\$3,863.12
5	Net profit	\$15,366.31	\$33,417.17	\$33,417.17	\$33,417.17	\$33,417.17

7.7 Cash flow statement

Financial Cash Flow Statement						
Serial number	Projects	First year	Second year	Third year	Fourth year	Fifth year
1	Production load/%	100.00	100.00	100.00	100.00	100.00
2	Opening investments	\$18,050.86				
3	Sales revenue	\$119,232.00	\$119,232.00	\$119,232.00	\$119,232.00	\$119,232.00
4	Operating costs	\$81,125.63	\$81,125.63	\$81,125.63	\$81,125.63	\$81,125.63
5	Sales tax and surcharges	\$3,863.12	\$3,863.12	\$3,863.12	\$3,863.12	\$3,863.12
6	Net cash flow	\$16,192.39	\$34,243.25	\$34,243.25	\$34,243.25	\$34,243.25
7	Accumulated net cash flows	\$16,192.39	\$50,435.65	\$84,678.90	\$118,922.15	\$153,165.41

7.8 Investment evaluation and analysis

ROI = average annual profit / total investment.

The initial investment in the And Youth Tea Drink Shop project is \$17,087.07. According to the financial calculation table above, the average annual profit for 5 years will be \$29,807.00, The calculated ROI = 173% (table below), indicating that the project has a very good level of return on invest.

Conclusion

With the improvement of the living standard of Chinese residents and the changing concept of consumption, tea beverages have been transformed from a luxury product to a daily necessity. A ready-made tea shop is a business venture with low capital investment, a wide consumer base, quick cost recovery and a very easy-to-find storefront, which is very suitable for a small independent business. We have taken this opportunity to create And youth tea drinks shop.

The business plan for the And Youth tea and drinks shop is a business plan executed for the landing end. The study analyses the theoretical executability and practical marketability of And Youth based on its strengths and

the current state of the industry scale to have a comprehensive plan for the successful execution of the guiding document for the And Youth project.

Through the collection of empirical data and reading of relevant literature, the MBA programme is actively applied to learn the in-depth analysis of the theoretical knowledge and tools for the project in terms of macro environment, industry environment, five forces model analysis, SWOT analysis, marketing strategy, team structure, and financial analysis, and to provide a detailed theoretical basis for the successful implementation of the project.

After an exhaustive analysis of all the relevant impact parameters of this business plan, it was concluded that the And Youth tea and drinks shop development project has the advantages of low investment costs, high returns, short operational cycle and manageable risks and that the investment is feasible and can yield high returns.

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