

The Product Life Cycle of Milk Tea: An Assessment

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ABSTRACT

Nowadays, milk tea is popular refreshment amongst people of different origin. Its trend in the market has created a big opportunity for the entrepreneurs for its production. But it has been also difficult for them since there are numerous milk tea stores who are competing for their positions. With the unstable movement of sales in milk tea industry, the entrepreneurs can be affected with this. Hence the product life cycle of milk tea should be monitored, from the introduction up to the decline stage. This has been the basis of the researchers in conducting this descriptive study. As to results, milk tea business has a great market potential in generating good monthly income as long as sales target and expenses will be monitored. Also, the life cycle of their products are assessed. In the introduction stage of a milk tea, it should be based on a strong and stable plan which includes great marketing analysis and strategies; under the growth stage of milk tea, the owners should strengthen the use of different marketing platforms and tools which will provide sales increase; under the maturity stage, the milk tea owners should come up with plans that will help the business hold its market position because of the cheaper prices offered by the competitors; and lastly, under the decline stage, the milk tea owners should immediately conduct business improvement on how they will go back again in track by reformulating all the plans that the business has and conduct immediate action about it.

Keywords: Milk tea, Product life cycle, Assessment

1. INTRODUCTION

Milk tea has gained all popularity in recent times around the world and is most liked by Filipino people. Milk tea orders in Southeast Asia observed about 3,000% increase by the year 2018 [1]. Its craze has been mostly observed in recent years, but it's far from over. In fact, milk tea shops are strongly driving the franchising sector today [2-3]. It is evident that there is a

continuous demand for the milk tea industry since it was on trend and new in the market [4].

Marketing is vital to businesses as it is one of the few ways to gain profit. This requires strategic planning for businesses to succeed. While marketing is meticulous, trends change from time to time [5-6]. In line with this, the milk tea owners should continuously monitor the

product life cycle since the movement of its trends varies from time to time.

The Product Life Cycle is the time period of the product starts from its introduction into the market for consumers and it's removed from the shelves. The management and marketing professionals prescribe the appropriate decision like time to increase the advertisement, reduce prices, expand to new markets, redesign packaging, etc [7-9]. The life cycle of a product is associated with marketing and management decisions within businesses, and all products go through five primary stages: introduction, growth, maturity, and decline. Each stage has its costs, opportunities, and risks, and individual products differ in how long they remain at any of the life cycle stages [10-11].

Small Medium Enterprise Organizations and business enterprises are presumed to encounter different crises and managerial problems at different stages of growth. It is therefore vital that in order to address such crises, problems and issues, entrepreneurs and management should comprehend how to determine the life cycle stage of their enterprises. Understanding the different stages of the business lifecycle will help to prepare for the obstacles that a business will need to conquer in order to succeed [12]. Reviewing the product of portfolio enables

INDEPENDENT VARIABLES

marketers to plan for new products, reinvent existing products or discontinue products that are in serious decline [13].

With reference to this this study aimed to use the product life cycle model in assessing the capabilities of the milk tea stores in some part of

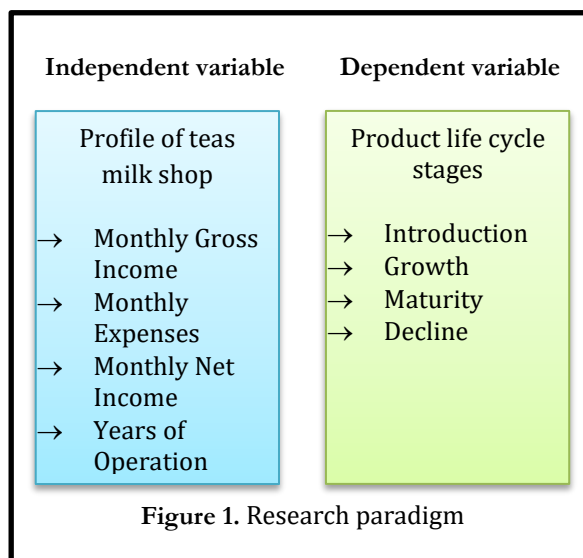
Nueva Ecija province of Philippines, to help the owners adjust their business plan. It also helps in providing the strategies and recommendations for their respective operations. The researchers believe that this study might contribute to the efficacy and productivity of the business operations of milk tea stores that could help their operations grow.

Figure 1 shows the paradigm presenting the dependent and independent variables. The independent variable refers to the profile of the respondents that was subjected to the dependents variables. Dependent variables are the Product Life Cycle stages by Raymond Vernon.

2. MATERIALS AND METHODS

2.1. Research Design

This research utilizes Quantitative research design. Quantitative methods highlight objective measurements and the statistical, mathematical, or numerical examination of data collected through polls, questionnaires, and surveys. Quantitative research focuses on gathering numerical data and generalizing it across groups



of people or to explain a particular phenomenon [14].

The methods involved range from the survey which defines the status quo, the correlation study which investigates the relationship between variables, to developmental studies which seek to determine changes over time.

Interviews were done to every respondents of Milk Tea Shop in towns in order to check the reliability and validity of the questionnaire. Also, to avoid personal bias, member checks were utilized during and after interviews, thus increasing credibility, validity, and transferability of the findings [15].

2.2. Study Locale

The research locale of the study were the five (5) towns in Nueva Ecija namely Bongabon, Palayan, General Mamerto Natividad, Laur and two Barangays in Cabanatuan Nueva Ecija . These towns have numerous numbers of Milk Tea stores.

2.3. Participant Selection

The research samples were selected through purposive sampling technique. This sampling method is highly relevant, for the selection of the participants would contribute to a better understanding of the study [16]. The respondents were 39 shops out of 43 shops in Bongabon, Palayan City, General Mamerto Natividad, Laur and Selected Brgy in Cabanatuan City . It was computed through Slovin's formula with 95% level of confidence (equation 1) [17].

$$n = N / (1 + N \times e^2) \quad \text{Eq. 1}$$

Where,

n = sample size,
N =population size
e = margin of error.

2.4. Data Collection

2.4.1. Interview Process

The participants were interviewed to determine the status of their business operations. An interview guide with close-ended and open-ended questions was devised to answer the research problems. The questions were divided into parts; the first gather the profile of the respondents, while the remaining gathers the relevance of product life cycle stages of the respondents. The researchers scheduled the interview based on the availability of the participants. During and after the interview, the researchers reaffirmed and summarized the gathered data and confirmed the contents from the participants for accuracy.

2.4.2. Participant observation

During data-gathering and participants' interviews, field notes were also collected as the researchers perceive the participants and their work performance and environments. Particularly, the participants' interface with their co-workers, staff, and clients were considered. This course aims to describe the characteristics of the participants in their workplace that can support the data being gathered. Data collected from the interview and the field notes were associated to identify the emerging themes that answered the research questions.

2.4.3. Confidentiality of data

The confidentiality of the data gathered was guaranteed to the participants. During the data-gathering, informed consensus was obtained from all of the respondents. They are well-informed of the purpose of the study and their rights to pull out, and they all decided to participate in the study. All personal and work information and accounts of the respondents are protected and treated with outmost confidentiality by preserving their anonymity. The researchers used coding to hide the identity of the participants.

2.5. Data Analysis

Analysis of the data gathered occurred in the following way: a) the interview transcripts were reviewed and analysed for “recurring regularities” [18]. The researchers noted the emerging themes and coded them; b) the coded interview and field notes were analysed together by looking for connections within and across the data sources and creating a table; c) last, the categories are refined to solidify the themes.

3. RESULTS AND DISCUSSIONS

The researchers discuss the findings in socio demographic profile of the Milk Tea Shop (respondents)

The findings show that most of the milk tea shops have a monthly gross income of 20,001 to 30,000 pesos. This shows that the milk tea shop is a good source of income for current period. According to the respondents, Milk tea nowadays is very popular and in demand. It is

because of this craze, there is an increase in the sales of a milk tea store [19].

Since ages, Asia Pacific has the largest tea

Table 1. The monthly gross income of milk tea sellers

Monthly Gross Income	Frequency	Percentage
10,000-20,000	2	5%
20,001-30,000	22	56%
30,001-40,000	7	18%
41,000-above	8	21%
Total	39	100%

consuming population. The region is expected to hold the largest share of bubble tea market globally [20]. In line with this, it is evident that milk tea business will continue to be in demand in the market [21].

The findings show that most of the milk tea shop has monthly expenses of 15,001 to 20,000 pesos and it shows that milk tea business has high monthly operating expenses. Respondents stated that putting higher investment will result to higher returns. As added, the operating expenses can be trimmed down especially those

Table 2. The monthly expenses of milk tea sellers

Monthly Expenses	Frequency	Percentage
1,000-5,000	-	-
5,001-10,000	5	13%
10,001-15,000	5	13%
15,001-20,000	20	51%
20,001-above	9	23%
Total	39	100%

unnecessary, but in terms of the ingredients, the respondents believe that these should not be

substituted by low quality materials because it might change the total taste or value of the milk tea. Many individuals and businesses pay monthly bills without scrutinizing their charges. Be sure not to pay for services or benefits that you're not using [22]. Some may have been useful in the past, with automatic renewal, even though you no longer need them. Cancel any unused services immediately to prevent spending unnecessary expenses.

The result shows that most of the milk tea shop has a monthly net income of 10,000 to 20,000 pesos as for the result almost half of their monthly gross income is their monthly net income (table 2). This means that the milk tea stores should increase their daily sales to increase their net income. The respondents stated that their gross income should exceed their target sales per day. So that, their operating expenses for the day will be economical worth it to pay for the business (table 3).

The result observed that most of the milk tea shop are operating within 4 to 6 times a week and often close every Sunday. The study revealed that the respondents were providing rest day for their staff to gain energy for the next day of operation (table 4). According to the respondents, they are providing their staff a day to rest for them to do other personal tasks. As added, the respondents believe the staffs have other personal errands that should be done especially family matters.

Companies can increase their net margin by increasing revenues, such as through selling more goods or services or by increasing prices [23]. While increasing sales revenues is

Table 3. The monthly net income of milk tea sellers

Monthly Net Income	Frequency	Percentage
10,000-20,000	21	54
20,001-30,000	15	38
30,001-40,000	2	5
41,000-above	1	3
Total	39	100%

beneficial to the bottom line, it serves as a double-edged sword when it comes to the net margin. The best strategy is to focus on increasing sales and decreasing expenses simultaneously.

Studies consistently find that taking time off from work actually allows you to work more efficiently whenever you get back to the grindstone [24]. In one study, people who were asked to take off one day each work week ended up reporting higher productivity and a greater sense of accomplishment over time. In contrast, pushing yourself to work longer hours and skipping rest days actually reduces productivity

Table 4. The monthly net income of milk tea sellers

Days of Operation	Frequency	Percentage
1 -3	1	3%
4 -6	24	61%
7	14	36%
Total	39	100%

in both the short and long term.

For advertisers, managers and entrepreneurs, the product life-cycle is an essential instrument. It describes four individual phases of the life of a product and provides guidelines for designing plans to make the most use of those phases and

facilitate the ultimate success of the product in the marketplace (table 5).

First at rank for the indicator was observed with a a weighted mean of 3.55 and interpreted as strongly agree. Followed by a weighted mean of 3.47 and lastly, a weighted mean of 3.34 and interpreted as strongly agree was observed for all the respective questions.

This shows that the best way to introduce the product in the market is to create a strong and solid plans that will help you cope up with the current competition. There is a risk introducing new product in the market. Since there are many types of drinks in the market, milk tea needs to be introduced in a unique way. According to the respondents, since there are numerous number of milk tea shops in the market the best way to introduce milk tea is to create its own image and features that will catches the attention of the consumers [19]. As added, different unique promotional activities is one of the best way to introduce the product in the market. If the introduction of the product fails, then, it results into poor image of the business resulting to poor sales.

In line with the above result, a unique selling

that can be incorporated into the products, the brand, the feedback, and any other touch point. Convincing and effective plans should be crafted to introduce the product well in the market.

Other results pointed the fact that conducting market research and using different marketing platforms can be used to introduce the milk tea in the market. Though Milk tea is one the newest drinks in the market, with the unlimited resources that we have, it is not impossible for the milk tea owners to conquer the market and get a big market percentage. Hence, in line with the above discussion, implementation of proper strategy and unique marketing plan will be the best edges of the milk tea owners in introducing their products.

Social platforms help you connect with your customers, increase awareness about your brand, and boost your leads and sales. With more than three billion people around the world using social media every month, the users and engagement on major platforms just keep growing [26]. Also, Market research can recognize how customers and potential customers might view your business and identify gaps in customer expectations. These

Table 5. Product Life cycle – Introduction Stage

INTRODUCTION	WM	VERBAL INTERPRETATION	RANKING
1. Use of attractive unique selling proposition.	3.55	Strongly Agree	1
2. Use of online site as a platform for promotion	3.34	Strongly Agree	3
3. Conduct of Feasibility study	3.47	Strongly Agree	2
COMPOSITE MEAN	3.45	Strongly Agree	

proposition is a statement you choose to embody that differentiates your products and your brand from your competitors [25]. It positions the small business takes as a whole

are powerful tools to have when concluding your marketing strategy. Having good market intelligence helps to minimize risks when making key business decisions.

Ranked one under the growth stage was “Regular use of Social media” which gathered a weighted mean of 3.48 and interpreted as strongly agree. It was followed by “Invention of new milk tea flavours” with weighted mean of 3.46 and interpreted as strongly agree; and lastly, “Offer valuable discounts and incentives to customers” with weighted mean of 3.44 and interpreted as strongly agree (table 6).

The result pointed the fact that social media is a platform that can be used to help a business to be known in the market. When a business became known or became popular, it will attract customers that will lead to sales increase. According to the respondents, they have used different social media platforms such as Facebook, Instagram and twitter because of the wide range or access to their prospects. As added, it is cheaper and convenient to use this platform for the business to progressively grow.

Other results pointed the fact that the milk tea owners should maintain unique strategies that they can feature in the market. Nowadays, entrepreneurs were imitating different business strategies from their competitors. In addition, the respondents stated that whatever business strategies you practice in your business, your competitor will still be anxious about it and they will make a way to imitate or create a new plan

about it. As added, as milk tea owners, they need to cope up with the current situation and develop new strategies about it.

Ranked first was the indicator “Competitor/s with cheaper price” which gathered a weighted mean 3.50 and interpreted as strongly agree; next in ranked is “Change of taste preference” with the weighted mean of 3.47 verbally interpreted as strongly agree; third in rank is “Poor Customer Service” which gained 3.11 and interpreted as agree; last in rank is “Lack of advertising strategies” which gained 3.03 verbally interpreted as agree (table 7).

The above result pointed the fact that milk tea store who offers the cheapest price wins the market. It shows that the major reason for maturity of milk tea was the price competition in the market. The respondents stated that they found out that their competitors are offering cheaper price compare to them but the quality of their product was sub-standard. According to the respondents, they do not want to sell their products in lower prices with a substandard quality because it will create a bad marketing impact for their company. This kind of competitor’s attack is done to increase the sales of the competitor against them. Therefore, it will result to maturity of the product.

Table 6. Product Life cycle – growth stage

GROWTH	WM	VERBAL INTERPRETATION	RANKING
1. Regular use of social media	3.48	Strongly Agree	1
2. Invention of new milk tea flavors	3.46	Strongly Agree	2
3. Offer valuable discounts and incentives to customers	3.44	Strongly Agree	3
COMPOSITE MEAN	3.46	Strongly Agree	

Today, competition in the retail world is greater than ever. It is evident that being the most expensive store for a product, there is a greater probability of losing sales compared to cheaper competitors. Hence, it is evident that providing cheaper price may gain higher market share [27].

Other results pointed the fact that other reasons for the maturity of milk tea are based from internal factors such as poor customer service and lack of marketing activity. It shows that a milk tea business will prosper if the owner will give focus in the above factors. The customers were looking for the best service that they can enjoy. Respondents stated that if the milk tea owner wants to be the number one in the market he should be active in improving his strategies, nevertheless, the business will suffer maturity.

Ranked first was the indicator "no product innovation" which gathered a weighted mean of 3.53 and interpreted as strongly agree. Next in

decline of their product. It shows that putting new attraction or features in milk tea products will be the best asset of a milk tea business to sustain their business. On the other side, sticking on their current flavors or current product will result to decline of their product and business as well.

Product innovation is a challenge no matter what industry you're in [28]. In a complicated, fast moving world where brands no longer dominate the conversation and consumers now hold enormous sway, innovation matters because it's the common language you and your customers still speak.

In terms of the other result under decline stage, these are the external factors that are uncontrollable by the owner because it causes by other factors. Since these are uncontrollable, the milk tea owners should prepare contingency plan ahead of time for these kind of activities that will affect the sales of the business. As mentioned by the respondents, uncontrollable

Table 7. Product Life cycle – maturity stage

MATURITY	WM	VERBAL INTERPRETATION	RANKING
1. Competitor/s with cheaper price	3.50	Strongly Agree	1
2. Change of taste preference	3.47	Strongly Agree	2
4. Poor Customer Service.	3.11	Agree	3
4. Lack of advertising strategies	3.03	Agree	4
COMPOSITE MEAN	3.28	Strongly Agree	

ranked "changing trends" with the weighted mean of 3.39 and interpreted as strongly agree, and last in rank is "Increase competition" which gained 3.18 WM and interpreted as agree (table 8).

The data shows that if the respondents do not have product innovation, they will experience

factors are always part of the unstable business environment, and they are prone with it. As added, being prepared with plans make them stay in the competition.

4. CONCLUSIONS AND RECOMMENDATIONS

Nowadays, milk tea is all around the corner. And because of this trend, it is evident that people have this craze with this kind of drinks. For the entrepreneurs, it is not always a “happy day” because of the arising competitions in the market. Hence, this study provides conclusions and recommendations that will be used by the entrepreneurs, especially the milk tea owners, on how they will achieve longevity and profitability in the market.

Based on the findings, milk tea business has a great potential in generating income for every entrepreneurs who aspire to have good monthly income. Nevertheless, the milk tea owners take the chance of risking capital/ investment to earn big in this business since the operating expenses of milk tea is also high because of the ingredients used in their production. Hence, for a milk tea owner who wants to achieve a monthly high income, monitoring of unnecessary expenses should be observed so that it will lessen the chance of having a high monthly operating expenses. Also, in line with the above fact, increase of daily target should be conducted too, so that the expenses that need to be paid for a day should be worth it with the operations. By doing so, the above recommendations are suggested to be practiced of every milk tea owners to achieve longevity

and profitability.

For the milk tea owners, the life cycle of their products should be observed. With the details presented above, in the introduction stage of a milk tea, it should be based on a strong and stable plan which includes great marketing analysis and strategies. A successful product introduction comes with a support of a reliable and feasible plan.

Under the growth stage of milk tea, the owners should strengthen the use of different marketing platforms and tools which will provide sales increase benefits to them. Social media platform has been significantly known in terms of the most effective marketing platforms because of its range and affordability which can be accessed by numerous number of consumers.

Under the maturity stage, the entrepreneurs can enjoy its benefits because of the stable sales of the business. On the other hand, the entrepreneurs should also worry under this stage because lots of competitors are eyeing their market position which may result to sales decline of the business. The milk tea owners should come up with plans that will help the business hold its market position. The plan should incorporate strategies about the internal

Table 8. Product Life cycle – Decline stage

DECLINE	WM	VERBAL INTERPRETATION	RANKING
1. Changing trends	3.39	Strongly Agree	2
2. Increase competition	3.18	Agree	3
3. No Product innovation	3.53	Strongly Agree	1
COMPOSITE MEAN	3.37	Strongly Agree	

and external factors that will make a business drop from its market position.

Lastly, under the decline stage, which is the most crucial part of the cycle, the milk tea owners should immediately conduct business improvement on how they will go back again in track. Reformulate all the plans that the business has and conduct immediate action about it. It is recommended to look for different aspects of the business especially in dealing with the technology, trends, competitions and other threats of the business.

To sum up, the milk tea industry is same with the other business industries who underwent successes and challenges. For the milk tea owners and other businesses, the ups and downs of a business should be accompanied by related and relevant plans, so that, any threat along the way of the business cycle can be addressed in a way it should be. Hence, for further study, future researchers might consider a more comprehensive evaluation of the product life cycle of the milk tea industry both qualitative and quantitative.

5. ACKNOWLEDGEMENT

6. CONFLICT OF INTEREST

NA

7. SOURCE/S OF FUNDING

No source of funding

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