

Final Presentation  
COMMERCE 3MC3 – Group 9



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# Marketing Problems

- Strategy Implementation
  - Coordination and communication difficulties with employees
- Volume vs. Profit
  - BOGO generates increased sales volume
  - BOGO does not translate to increased profit margins
- Minimal Social Media Presence
  - Time and money resource constraints

# Marketing Objectives

- Maintain Marketing Costs
  - \$2,000/month across discounts, loyalty, and ads
- Increase Profits
  - Need 30% increase in revenue to see substantial change in profits
- Improved Social Media Presence
  - Produce and maintain a consistent number of posts per week
- Implementation Frameworks
  - Strategies must be accompanied by easy implementation

# Competitor Analysis – Primary

	The Alley	OneZo Tapioca	Presotea
<b>Store Size</b>	2 x larger	-	0.75 x smaller
<b>Regular Size Drink Price</b>	\$5.75	\$5.49	\$6.99
<b>Upsize Price</b>	+\$0.50	+\$0.50	+\$1.00
<b>Tapioca Price</b>	+\$0.70	+\$1.00	+\$1.00
<b>Franchise Flexibility</b>	Medium	Most	Least
<b>Social Media Following</b>	38,000	17,000	8,300
<b>Canadian Locations</b>	16+	11	30+

# Competitor Analysis – Primary

	<b>The Alley</b>	<b>OneZo Tapioca</b>	<b>Presotea</b>
<b>Product Lines</b>	Milk Tea Brown Sugar Deerioca Series Crunchy Milk Tea Series Latte Series The Alley Speciality Snow Velvety Series	Milk Tea Dirty tea Totaro Smoothies Fruit Tea Tea Latte Specialty Tea	Milk Tea Brown Sugar Latte Cheese Cloud Series Creme Series Japanese Series Salted Milk Foam Tea Milky Sensation Freshly Brewed Fruit Tea Slushies
<b>Competitive Advantage</b>	High quality	In-house ingredients	Large drink sizes

# Competitor Analysis – Secondary

	Tim Hortons	OneZo Tapioca	Second Cup
<b>Location Sales</b>	\$986,000	\$150,000-\$350,000	\$540,000
<b>Employees</b>	18	15	10
<b>Product Lines</b>	Coffee Specialty Drinks Baked Goods Breakfast Items Lunch Items	Milk Tea Dirty tea Smoothies Fruit Tea Tea Latte Specialty Tea	Coffee Specialty Drinks Desserts Breakfast Items Lunch Items Snacks
<b>Competitive Advantage</b>	Inexpensive, quick, and convenient	In-house ingredients	High quality coffee

# Company Resources and Experiences

- Strengths
  - Interactive customer events (origami, chalkboard)
  - POS System to consolidate orders from various channels
  - No malicious competition with other bubble tea shops
  - Flexible hours for employees
  - 102 kg of carbon dioxide saved with the "Too Good To Go" app
  - Location has street visibility and outdoor seating

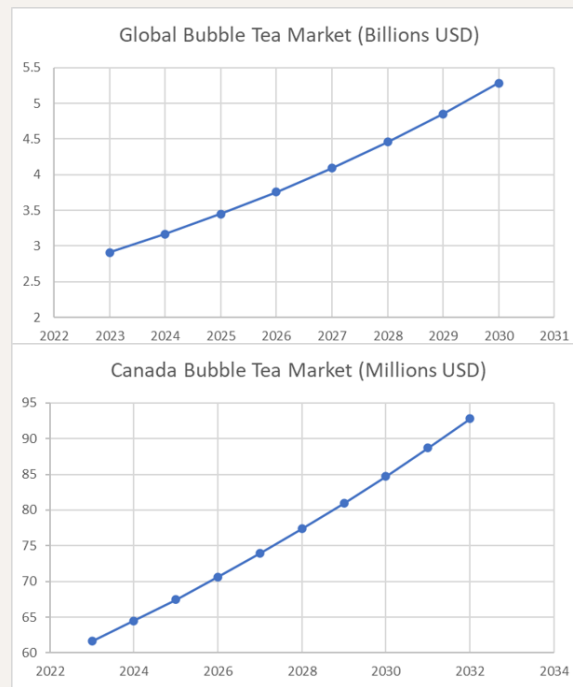
# Company Resources and Experiences

- Weaknesses
  - No dedicated parking
  - Higher COGS from in-house tapioca production
  - Increased labour time and perishable materials
  - All employees are part-time



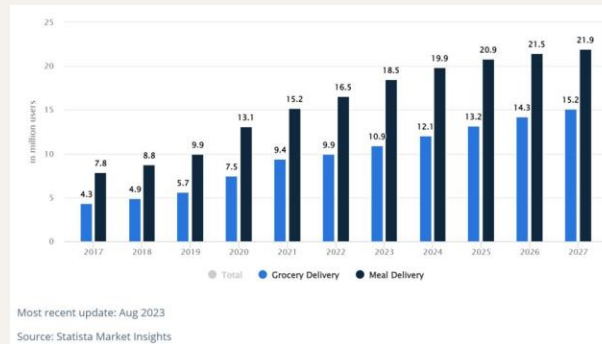
# Demand Analysis – Bubble Tea

- Global Bubble Tea Market
  - Valued at USD 2.91 Billion (2023)
  - Expand at a CAGR of 8.9%
  - Reach USD 5.42 billion by 2030
- Canadian Bubble Tea Market
  - Approximately \$61.6 million (2022)
  - Grow at a CAGR of 4.66%
  - Reach about \$95 million by 2032



# Demand Analysis – Food Delivery

- Growing Market Size
  - Projected revenue of \$12.75 Billion CAD (2023)
  - Expected growth to \$18.7 Billion CAD by 2027
  - Expected CAGR of 10.05% from 2023 to 2027
  - Prediction of 21.9 million users by 2027



# Demand Analysis – OneZo Tapioca

- Local Influence
  - OneZo Tapioca operates in a market growing nationally and globally
  - Increasing popularity of bubble tea is a positive indicator for potential demand growth in Hamilton
- University Proximity
  - Located near McMaster University
  - OneZo Tapioca is well positioned to cater to a young and diverse demographic that aligns with the typical bubble tea consumer profile

# External Analysis – Socio-Cultural Trends

- Consumer Preferences
  - Personalization and customization
  - Health and wellness
  - Environmental sustainability
- Cultural Events and Holidays
  - Increased promotional activity
  - Increased consumer spending

# External Analysis – Economics

- Minimum Wage Increases

2017	2018	2019	2020	2021	2022	2023
\$11.60	\$14.00	\$14.00	\$14.25	\$14.35	\$15.50	\$16.55

- Inflationary Pressure

- Lower consumer purchasing power
- Price sensitivity for non-essential goods
- Increased operating costs

- Negative Economic Outlook

# External Analysis - Technology

- Digitization and POS Systems
  - Automation and efficiency
  - Lower operating costs
- Food Delivery Platforms
  - Convenience culture
  - Pandemic-induced habits
- Chain Expansion
  - Supply chain and distribution

# External Analysis - Demographics

- International Study Permits in Canada
  - Over 1 million yearly applications
  - Over 1 million holders to date
- International Students at McMaster University
  - China (57.4%)
  - India (12.0%)
  - South Korea (2.2%)
- Gender Distribution at McMaster University
  - Male (43%)
  - Female (55%)

# Current Strategy Recap

- Around \$2000 spend per month
- Focus on enhancing output of BOGO

Strategy	Money Spend
Uber Eats Ads	\$200
Uber Eats Promotions	\$50
BOGO	\$1600
<b>Total</b>	<b>\$1850</b>



# Volume Incremental Discount

- What
  - Incremental discounts for higher size tickets
- Why
  - Solves the "Volume vs. Profit" marketing problem
  - Group orders align with customer preferences
  - Easily paired with interactive events
- Benefits
  - Increases the average transaction value
  - Competitive advantage by encouraging groups purchases

# User-Generated Social Media Campaign

- What
  - Leverage voices of customers to increase brand visibility
  - Offer future incentives (gift cards, discounts, BOGO offers)
- Why
  - Increased social media presence using little to no resources
  - Solves the "Volume vs. Profit" problem
- Benefits
  - Reaching targeted audience with promotion
  - Improved brand visibility
  - Incentive not always cashed in

# Boost Food Delivery Platforms Reach

- What
  - Increase Uber Eats ad spend (currently \$200)
- Why
  - Uber Eats data shows a return on ad spend of \$7.31
  - One-third of current sales from Uber Eats
  - Diminishing returns/saturation point must be considered
- Benefits
  - Increased brand visibility
  - Attraction of new customers
  - Potential for higher order volumes and revenue



# Thank You

Questions?

