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# The Popularity of Milk Tea Amidst Covid-19 Pandemic: Perspectives of Selected Entrepreneurs in Minglanilla, Cebu Philippines

Kriszia Dimpsy S. Bastasa<sup>1</sup>, Vicente S. Maravilla Jr<sup>2</sup>, Simplicio R. Espellita Jr<sup>3</sup>, Ritchell Dela Calzada<sup>4</sup>,  
Jessalyn M. Alqueza<sup>5</sup>

<sup>1,2,3</sup> Department of Hospitality and Tourism, School of Business & Economics, University of San Carlos, Cebu, Philippines

<sup>4</sup> Department of Hospitality and Tourism Management, St. Cecilia's College Cebu Inc., Philippines

<sup>5</sup> College of Business Administration, University of the Visayas, Toledo, Cebu, Philippines

Correspondence: Vicente S. Maravilla Jr, School of Business and Economics, University of San Carlos, Cebu Philippines. Tel: +639-27-653-6017. E-mail: vsmaravilla@usc.edu.ph

## Abstract

Milk tea became so popular that numerous entrepreneurs tried to venture into this business. The Philippines is dubbed the second-most populous country in Southeast Asia regarding bubble tea users. Though the Philippines was dubbed as such, it was not until late 2019 that Pearl Milk Tea exploded its popularity in the country. It paved the way for the tea-enthusiast to venture into the business by experimenting with various creamers, flavors, and sweeteners. In Minglanilla, Cebu, Philippines, there is also a growing Milk tea shop on every corner of the street; however, before the boom reached a year, a pandemic halted every operation on every establishment. Through a phenomenological approach, the researchers of this study interviewed the owners and management of milk tea businesses in this new level of difficulty. The study's significant findings merged the theme scope, including Covid-19 Business Impact, Digital Marketing, Adapt Delivery Services, Safety and Security Protocols, and Menu Engineering. Furthermore, findings suggest that Covid-19 negatively impacted business establishments. Nevertheless, the management and entrepreneurs still push through and invest more in their business, with a clear perspective of success and execute modern alternatives that keep the business operating.

**Keywords:** Entrepreneurial Perspectives, COVID-19 Pandemic, Economics, and Business

## 1. Introduction

Today, numerous individuals claim to be the inventors of cold teas made with tapioca or milk tea. Liu Han-Chieh of Taichung's Chun Shui Tang Teahouse experimented with tea after the Japanese developed a taste for cold coffee; this prompted him to establish branches around his city later; Tsong-he of the Hanlin Teahouse said he invented the cold beverage. Regardless of who created the liquid, he or she popularized Taiwan. As time progressed, it became known as Milk Tea, which originated in the country of Taiwan. It is a tea-based beverage containing tapioca pearls in various tastes and additions. According to Miranda Brown, a Chinese academic, "When Europeans first arrived in China in the 17th century, they reported drinking milk tea," sending it back to their homelands with salt and sugar. Later in the nineteenth century, British colonists visited China and offered a new sort of milk tea suitable for diets: condensed milk tea. When immigration became less demanding in 1965, many Taiwanese entered the United States and introduced bubble tea. According to Phil Wang, co-founder of Wong Fu Productions, "as a youngster, I felt a great sense of pride in this beverage" due to its Asian origins. It is indisputable that when milk tea was established, the components were already widely available in Asian nations. Korean Actors endorsed The Alley, A famous Korean milk tea store showcasing the aesthetic designs and flavors of the shop. Familiar Korean actors' endorsement made the milk tea craze more rampant, endorsing it in the Philippines. While milk tea establishments may be found in various Asian nations, Pearl Milk Tea has just exploded in popularity in the Philippines in late 2019.

According to Inquirer.net, the Philippines is the second-most populous country in Southeast Asia regarding bubble tea users. Milk tea stores are already located throughout the country, making them accessible to everyone. Numerous multinational corporations have chosen to invest and develop in the Philippines due to the country's tropical climate, which is ideal for both cold and hot beverages. Since then, this once-simple beverage has evolved into a revolutionary tea canvas, allowing tea enthusiasts to experiment with various creamers, flavors, and sweeteners. However, that is not the most significant part; it is trendy and offers tea dealers incredible profit margins. Local artists/personalities had a fair influence on the milk tea craze.

According to Grab food (2019), a typical customer can consume at least five cups of milk tea per month. In contrast, an individual in Thailand can drink six cups per month, while individuals in other countries consume at least three cups per month compared to the Philippines' ranking on milk-tea consumers. Unfortunately, before the boom reached a year, the World Health Organization reported that the country recorded its first-ever positive patient for COVID-19 on January 30, 2020. According to a Philippine News Agency interview, a milk tea shop owner named Catz Alejo stated that "the health issue has not dampened the "milk tea obsession," as people continue to consume their goods." Catz confirmed that sales were quite excellent before Covid-19 compared to presently; this demonstrates that some consumers can still resist the sweet taste of the new fad milk tea; it also indicates that profit margins may grow or fall during pandemics. According to Meyer et al. (1990), organizations occasionally experience cataclysmic upheavals – changes that are so abrupt and profound that they alter the trajectory of entire industries, overwhelm the adaptive capacities of resilient organizations, and defy the comprehension of seasoned managers. Therefore, profitability will fluctuate depending on how management reacts to and responds to unexpected developments. The administration has chosen to think creatively to reach out to consumers; well-balanced plans and sales promotions will enable the firm to continue operating even in the face of catastrophic disasters.

The pandemic has also allowed numerous individuals to enter the Milk Tea business and take risks. According to Manila Standard Business, Peterson Pililo, a former cameraman who was laid off, invested in a milk-tea kiosk and employed a "naughty branding approach." According to Peterson, "to capture the attention of prospective purchasers, the brand itself should be enticing and a little bit wicked" because of that Zu Boh Ti Tea brand was born. With the assistance of his wife Tine, he created fantastic milk tea tastes available at other milk tea businesses." The thriving firm is about to open its seventh kiosk in less than eight months. Other existing small milk-tea proprietors chose to discontinue physical operations and pursue another path. To cut down on salary, rent, and other expenditures, some of the proprietors established online businesses found on food panda, grab, and others, wherein they are not required to hire staff to prepare milk teas and keep an eye on the company. Homemade milk teas are not to be overlooked since they are less expensive yet retain the same original flavor.

This study will examine the owners and management of Milk Tea during these challenging times. From what perspective and why did it come up with the idea of closing its doors, taking a risk, and reopening milk tea stores, or how did existing milk tea companies fare during the Covid-19 pandemic. This research will closely examine contemporary techniques that apply to future situations and behaviors.

### *1.1 Review Related Literature*

Guerrieri et al. (2020) present a model that suggests that severe adverse supply shocks (like the COVID-19 shock) can lead to a shortfall in aggregate demand that outweighs the effects of the initial supply shock. Due to the limited mobility, the supply is costly and is limited only.

Abo-Zaid & Sheng (2020) present a dynamic general equilibrium model with a health shock, finding that, while health shocks have significant supply-side effects on economic activity, the demand-side effects are considerably more prominent, particularly for shorter horizons and more rigid prices. Every establishment adjusted and made sure to strengthen their delivery and make their product homemade for safety.

Coronaviruses can persist for long periods in environmental samples, which may enhance the probability of transmission via package contact surfaces (Coroiu et al., 2020). Therefore, although the challenge of cleanliness and safety in consuming food and beverages is a racket, management pursues vaccinated employees, who are asked to sanitize themselves and the working area now and then.

Embracing digital is one of the efficient ways of managing this pandemic. Facebook, Instagram, food panda, grab, and others are the primary digital tool that enables management to keep in touch and continue to offer services (Donthu & Gustafsson, 2020; Hwang et al., 2020; Habes et al., 2020).

To develop dynamic capability in organizations to respond to such crises by realigning systems for product re-development, developing new strategic alliances, and taking initiatives for value-creating activities during pandemic (Shanthakumar, 2020). Social media hyping and re-engineering menus are essential in surviving; hence, it helps build customer relationships that will last after the crisis.

Such companies reacted better during the pandemic because they were already prepared to offer their products and services online where others were not and were, therefore, more responsive to changes in the customer journey (Lemon and Verhoef 2016). However, it takes more than a season for managers to counter-attack a pandemic with limited resources that would not jeopardize the internal and external environment of the establishment.

#### *1.1.1. Atheoretical Stance*

A priori assumptions are momentarily suspended when conducting qualitative research. In addition, due to the study's goal of avoiding subjectivity, the literature review will be suspended. However, it is vital to extensively use related concepts and literature while analyzing and interpreting data. Finally, recommendations for improving organizational change management will be suggested after data collection and analysis.

#### *1.1.2. Philosophical Stance*

This study will adopt an interpretivism stance. Interpretivism uses the human subject and the researcher to observe and quantify occurrences, including interviews and other sub-processes. According to interpretivism, reality can only be accessed through language, behavior, everyday meaning, experiences, and consciousness. Interpretivism tries to understand the sentiments and experiences of the person (human subject). This philosophical stance helps the researcher to be adaptive in his or her interactions with human beings. Additionally, interpretivism enables the researcher to establish rapport with the human subject, allowing observation of human behavior in its natural setting and developing empathy.

Due to the theoretical nature of this qualitative investigation, it is governed by the following philosophical assumptions and underpinnings. First, almost all firms across industries have issues in their view; the study's participants' perspectives and difficulties are ontological. Second, to understand the implications and ramifications of change, the researcher conducts an interactive short answer survey and watches participants' behavior in a natural setting, thus converting this study into an epistemological one. Third, the study is axiological due to the researcher's open discussion of the issues and viewpoints of Minglanilla's milk tea proprietors. Fourth, the researcher acknowledges the existence of prejudice. Due to the researcher's experience in the same industry as the key informants, she utilizes an engaging narrative style. She expresses herself in literary, informal ways, using her language and avoiding subjective expressions. As such, the tone of the research is rhetorical. Finally, the research watches the critical informant's experiences and deduces broad points about specific fundamental difficulties inside the study context. Additionally, it is worth emphasizing that the basic information given by critical informants has been shortened to allow for the inclusion of sub- and even core themes.

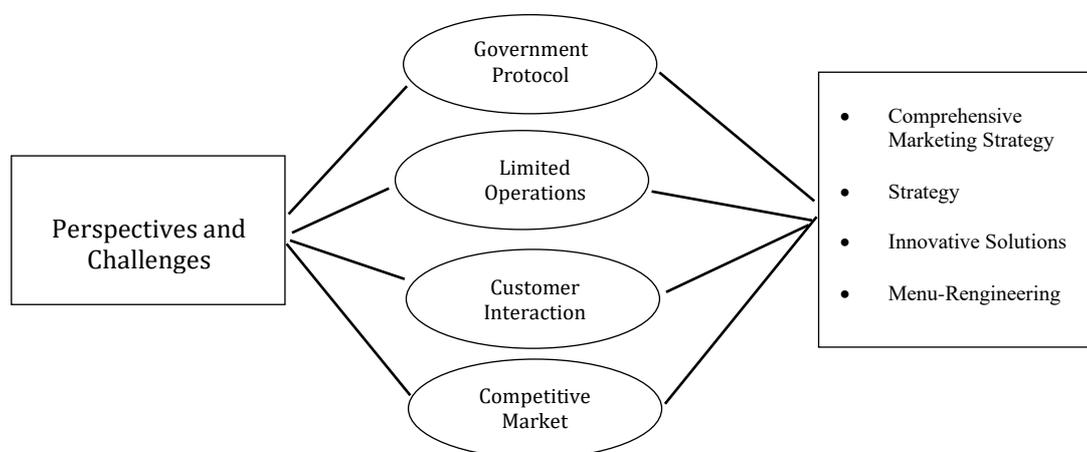


Figure 1: Conceptual Framework of Perspective and Challenges of Milk Tea

### 1.1.3. Owners in the Context of COVID-19 Pandemic

The picture above depicts how existing and newly opened milk tea establishments adapt and change their operations in the face of the Covid-19 outbreak. With the epidemic spreading, individuals are less likely to venture out and prefer to stay in, making it difficult for companies to reach out and market their establishments. As a result, individuals are trapped at home; according to Dataportal.com's most recent social media data in the Philippines, 80.7 percent of the population is active on social media. An increase of 16 million in the overall population of Filipinos in comparison to the pre-pandemic level; provides a chance for milk tea cafes to increase their social media presence, particularly on Facebook, through creative marketing and promotional strategies such as buy one get one free, free add-ons, and free delivery.

The government took measures and steps to prevent Covid-19 from becoming dispersed. The hotel industry is the most directly impacted by this move, which affects both large and small businesses. Establishments are not authorized to function for several months, and when they are, their operations are severely restricted. In addition, the government does not encourage enterprises to operate at total capacity. Instead, it enables enterprises to operate at about half capacity, depending on the size of the outlet.

Additionally, managers and owners take this issue further by opting for a drive-thru-style or on-wheels store rather than a brick-and-mortar location. This semi-solution circumvents government norms governing maximum capacity and does not impose a time restriction on the operation. Many people are jobless as firms struggle to get back on track. As a result, these individuals engage in small businesses, increasing competition. Offering free services that need additional remuneration (delivery guy), buy one get one free, and complimentary add-ons (ingredients) would increase expenditure and decrease profit. Thus, menu development or modification occurs;

if profit margins are consistent and the objective is to outperform competitors, the menu's tastes and components must be elevated. However, if profit margins are unstable, menu adjustments, cost-cutting ingredients (noting if possible while maintaining the same level of quality), or introducing new tastes can be made at a low cost and with a high-profit margin. How management reacts to and responds to this alarming epidemic will determine the business's fate; this would not require merely seasoned management to be continually successful but require periodic modification and a willingness to think outside the box to survive.

## 2. Method

The qualitative study focused on Milk Tea shops around Minglanilla, Cebu, operating approximately six months and above. The owner or the managers in charge are the key informants of this research. This study used Colaizzi's phenomenological method and gathered the descriptive response of five Milk Tea shops in Minglanilla, Cebu, that continuously survive in the field with the existing Covid-19 Pandemic or how this phenomenon urges new owners to enter the milk tea business. Moreover, informed consent was used as ethical research to avoid the participants' confusion and last-minute decline.

The researchers use the Colaizzi data analysis process to personally hear, observe, formulate and organize responses from five participants as they discuss how the Covid-19 Pandemic has shaken and strengthened their managerial skills and business. To explore the views, challenges, and experiences more, the phenomenological approach of Colaizzi is the foundation for the researchers to define and give light to the gray areas of the study.

## 3. Results

For the study's authors to gather credible data from different Milk Tea entrepreneurs, the researchers identified five Milk Tea shops around Minglanilla, Cebu, that could become informants. The researchers conducted a thorough semi-structured interview with five Milk Tea entrepreneurs or Managers- one male and four females using a qualitative approach. All are of legal age and reside within Minglanilla. All the informants have exceeded our minimum requirement of at least one year and six months in the establishment. The interview was done and audio recorded with the permission of the informants. After the interview, recordings were transcribed and translated. Furthermore, the qualitative information was carefully analyzed to generate distinct meanings and unique emerging themes. The data below shows the firsthand experiences of the informants during the interview.

Table 1: Thematic Analysis

Questions	Answers	Derived Meaning	Emerging Themes
Domain 1: What do you have in mind when the government suddenly announces the restrictions and policies adhering to the COVID-19 pandemic?	Informant 2: "we are worried."  Informant 3: "few customers who visit the shop."  Informant 5: "The company needs to adjust."	Management had trouble with the outcome of the pandemic.	Covid-19 Business Impact
Domain 2: What strategies did you employ to keep your company's sales and profit afloat, given its limited operations?	Informant 3: "We extend outside the store. Introduce our promos, which are the buy one take one."  Informant 4: "We did ads on our Facebook page to promote our shop."  Informant 5: "research and share our thoughts and ideas with the marketing team."	Management actively uses digital platforms to reach out to customers.	Digital Marketing
Domain 3: How did you manage to keep in touch with the customers when majority of them prefer to stay at home?	Informant 3: "We extend outside the store. Introduce our promos, which are the buy one take one."  Informant 4: "We did ads on our	Management utilizes delivery services due to limited physical operation.	Adapt delivery services

	Facebook page to promote our shop."		
	Informant 5: "research and share our thoughts and ideas in the marketing team"		
Domain 4: What is the insurance you give to your customers that the product you offer is safe and satisfactory to consumer?	Informant 1: "We have yearly/monthly inspections or within six months to ensure quality and cleanliness"	Management prioritizes staff vaccination and establishment check-ups.	Safety and Security Protocols
	Informant 2: "we always monitor our staff"		
	Informant 3: "There is a monthly check up in our store."		
Domain 5: What are your modern and innovative ideas in surviving the pandemic and for gaining a competitive edge against your competitors?	Informant 2: "We are a milk tea store that provides snacks that focuses on health"	Management recreates flavors and side dish that is healthy, rich in quality, but not costly.	Menu engineering
	Informant 3: "The management is considering the idea of menu engineering."		

#### 4. Discussion

**Covid-19 business** impact is the identified theme for the first domain. The similarity of some answers revolves around how the pandemic put the establishments in a shaky stance. It shows management experiencing low sales, aloof customers, and paying expenses from personal money.

The researchers believe that the theme "**Digital Marketing**" best suits the answers from domain two (Donthu & Gustafsson, 2020; Hwang et al., 2020; Habes et al., 2020) emphasize embracing digital marketing could afloat sales in this time of the pandemic. Respondents also discuss how social media marketing helps reach old and new customers.

The theme "**Adapt Delivery Services**" best suits the answers from domain three because it summarizes what alternative these informants are in-bodied to keep in touch with their customers when they prefer to be at home instead of going out.

"**Safety and Security Protocols**" is the identified theme for this question because the answers point out vaccinations and constant inspections for sanitation. The management pressures safety and security mainly because it is a customer's concern during this pandemic.

The theme "**Menu Engineering**" directly constitutes the answers of the fifth domain, which stress that customers are keen on what is inside the drink. Therefore, ingredients are purchased fresh from the market instead of ordering online, side snacks that are healthy to balance the meal, and new flavors are offered that are not costly yet quality-wise.

The qualitative approach of this study has vitality and provided the researchers with enough data to answer its queries. The researchers, therefore, say that milk tea entrepreneurs experienced difficulties in this pandemic; furthermore, they still push through and venture out of business. The operation was restricted to government policies such as limited capacity and issuance of cleanliness permits. However, the management adapts modern alternatives and gives easy access to its customer, expanding social interaction, marketing sales and promotion, menu engineering, and delivery services. As these alternatives paved the way in surviving this new normal, it is visible that a clear perspective, even in quiet times, and the willingness to take a risk financially will keep a business operating and continue services with a generating profit.

Suppose future researchers would like to put forward this research; the authors should emphasize the effectiveness of modern tools and techniques that managers can use between pandemics. With this, researchers must deepen the understanding of going beyond the limit and venturing out in modern style and approach that would enable an establishment to continue its services even on global hiatus. Researchers of this study also propose that existing milk-tea establishments, specifically the five respondents, try to drive through the system to put intercoms wherein customers and staff can communicate without direct physical contact. Furthermore, the authors recommend that future researchers focus more on virtual marketing and social media platforms hype to utilize web resources essential for the modern era fully.

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