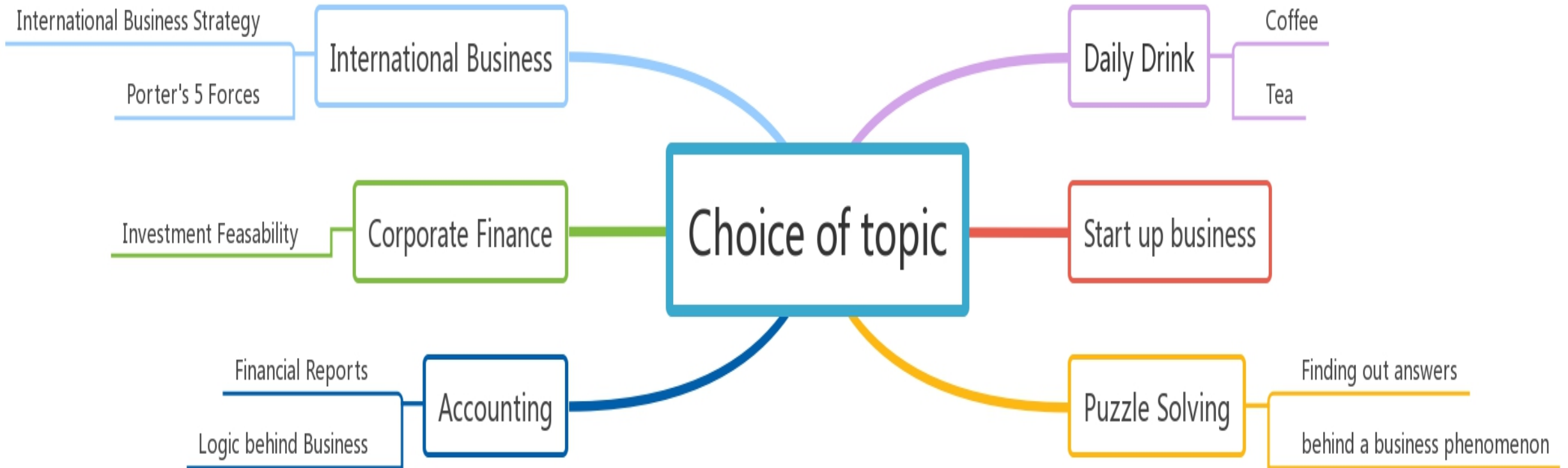


Research Proposal

*Competitive challenge of coffee shop in Chinese
fresh made drink service industry:
Porter's five force analysis*

Presenter: Xialiang Yao

Choice of Topic - Academic



Choice of topic - Chinese fresh drink market

1. Increased Disposable Income

ability to pay

3. Industry Structure Upgrade

Beverage production industry
→ service industry

2. Consumption Upgrade

Bottled drinks → fresh
made drinks



a more enjoyable consumption model



Critical Review - “third space” and forth space

- two sounds:

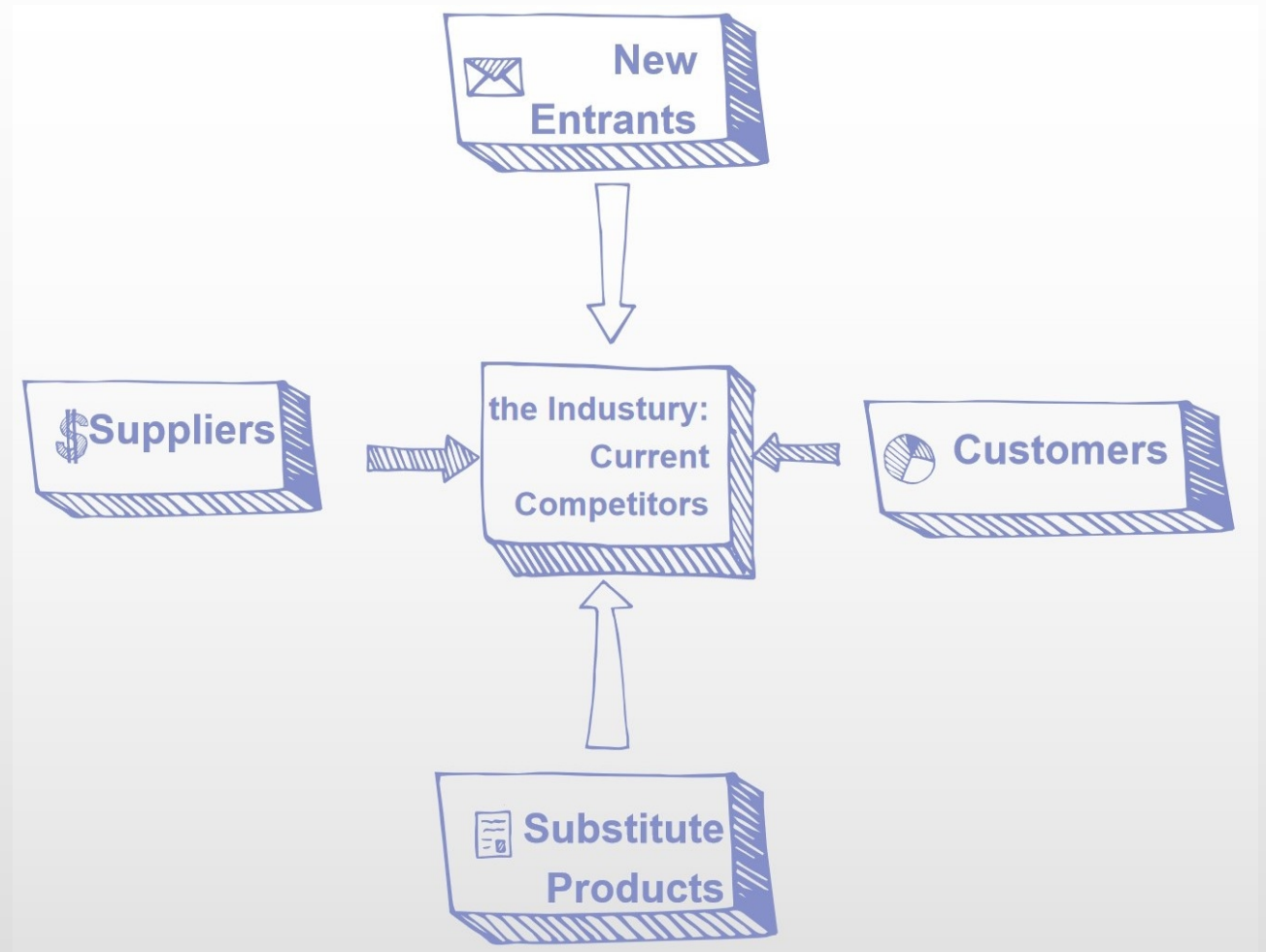
1. Fresh grounded coffee is special-interest product for certain group of people and it would remain that way.
2. There is huge space for fresh grounded coffee to expand.

- the view of this research:

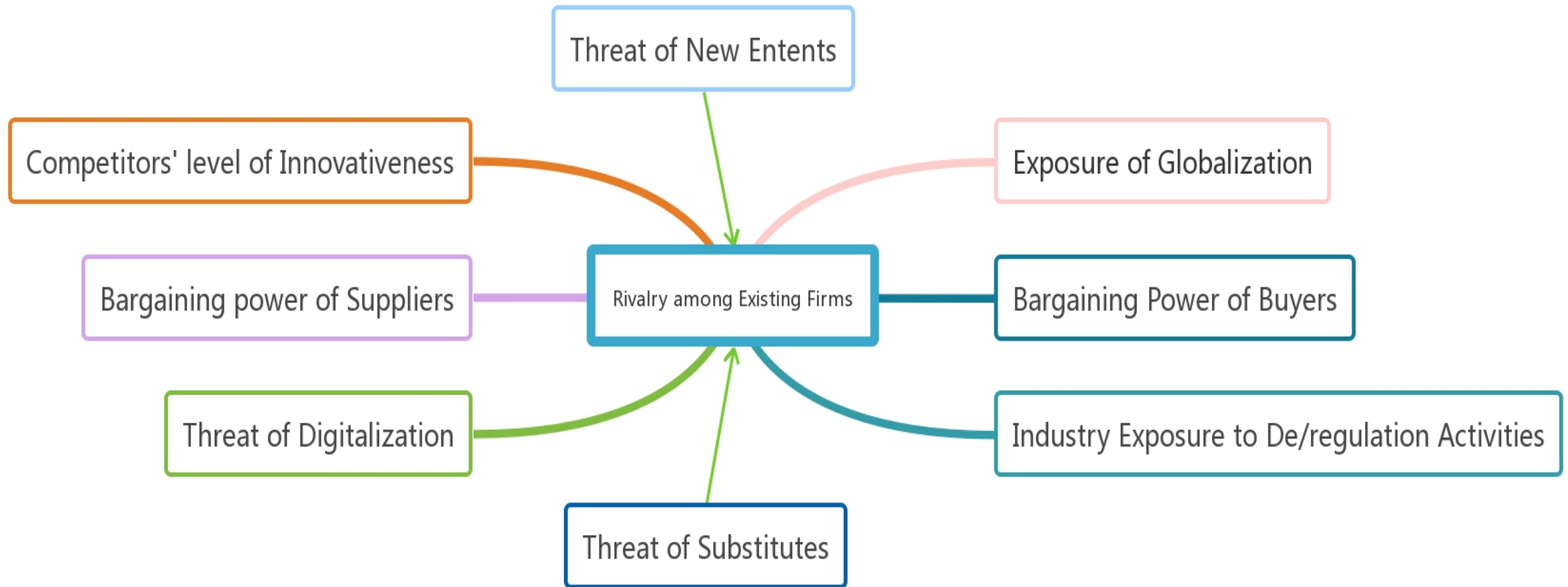
- as long as it can provide the third and the forth space for its customers, fresh grounded coffee can be popular.

Critical Review - Porter's five forces

- well known
- widely referenced and applied to many industries in different countries
- criticized and questioned:
 - limited
 - relevance



Adjusted version - Porter's competitive forces



Methodological Approach

- a mixed method approach
- 3 steps
 1. Rivalry in existing firms
Bargaining power of buyers
 2. Bargaining power of suppliers
 3. Threats of new entrants and substitute

➤ **Rivalry in existing firms**

Bargaining power of buyers

- 1) a few different fresh drink brands in different sized cities can be selected by popularity;
- 2) Conduct surveys on customers preference in flavor, drink habit, consume ability etc.;
- 3) Search industry reports for average profitability.

● **Challenges:**

- gather a proper sized sample that represent the population;
- design a proper survey that can reflect consumers' preferences without breach ethical issues

Bargaining power of suppliers

- 1) Asking for access to businesses (if possible) to collect operation data;
- 2) Collecting information about suppliers (both international and domestic)
- **Challenges:**
- getting permission on accessing the inside data of ideal organizations

Threats of new entrants and substitute

- 1) Analyze the cost of entry;
- 2) possible consumer behavior change.
- **Challenges:**
- Sensitivity to business trend

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