



Feasibility Analysis of Boba Drink Business in Pekanbaru

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ABSTRACT

This study aims to evaluate and analyze the feasibility of developing the Boba Drink business to minimize future risks. The research uses feasibility analysis methods focusing on market and marketing aspects, legal aspects, technical and technological aspects, financial and economic aspects, and management and human resource aspects. The study employs qualitative approaches, collecting data through market surveys, financial analysis, and expert interviews over a six-month observation period. The results indicate that the Boba Drink business is viable and feasible to run, with strong potential in the Pekanbaru market. The findings provide valuable insights for entrepreneurs and investors considering similar ventures.

INTRODUCTION

Boba drinks, with Japanese-inspired variations, have become a popular trend in Indonesia. This phenomenon indicates high interest from various age groups, including children, teenagers, and adults, in purchasing boba drinks. The product concept emphasizes that consumers tend to prefer boba beverages that offer a variety of flavors popular among millennial teenagers (Aprihani, 2022). Boba drinks have gained popularity among the millennial generation because they are considered trendy and appealing. The visual identity of bubble tea brands also contributes to their popularity among consumers, especially millennials (Ruslan, 2020).

In terms of sugar content, boba milk tea is known to contain very high levels of sugar and calories, which should be taken into consideration, especially in the context of health (Veronica et al., 2022). Meanwhile, boba drinks are also known as a high-selling beverage commodity, indicating their popularity in the market (Raharja et al., 2021).

A business feasibility study is a critical step in evaluating the viability of a business idea. It involves assessing various aspects such as market and marketing, financial, management and organizational, economic, social, environmental, and technical aspects to determine the potential success of the business (Sari, 2023). This study is essential for decision-making processes, particularly for investors and government entities, as it offers valuable insights into enhancing businesses and guiding investment decisions (Zakik et al., 2022).

In the context of a business venture related to the growing trend of Boba drinks in Indonesia, conducting a thorough feasibility study becomes essential. Such a study would entail analysing factors like market demand for Boba drinks, competition analysis, financial projections including Net Present Value (NPV), Internal Rate of Return (IRR), Payback Period (PBP), and other investment criteria (Rostiana, 2024). Additionally, considering the impact of lifestyle changes, especially among the millennial generation, on the consumption patterns of Boba drinks could be crucial in the feasibility assessment (Widayat et al., 2022).

Feasibility studies play a significant role in evaluating the advantages and disadvantages of a business, determining the return on investment, analysing production costs, and identifying break-even points. These analyses are crucial in understanding the financial viability and sustainability of a business, such as a Boba drink venture (Harahap et al., 2021). By utilizing methodologies like SWOT analysis and economic analysis, businesses can gain insights into pricing strategies, production costs, profitability, and marketing strategies, which are essential for the success of a Boba drink business (Anissa et al., 2019).

The aim of this research is to Integrate insights from a comprehensive business feasibility study, particularly focusing on market demand, financial viability, competition analysis, and strategic planning, can provide a solid foundation for entrepreneurs looking to venture into the Boba drink business in Indonesia. By leveraging the findings from such studies, businesses can make informed decisions, mitigate risks, and enhance the chances of success in the competitive Boba drink market.

One of the Boba Drink businesses in Pekanbaru is owned by Dewi, who founded Boba Boli in 2019. To date, Boba Boli has established four branches in Pekanbaru: one on Lumba-lumba Street, one on Kereta Api Street, one on Sudirman Street, and one at the Keris Roundabout.

LITERATURE REVIEW

A business feasibility study is a critical research endeavour aimed at determining the viability of a business idea (Rovniak et al., 2010). This assessment is crucial as it evaluates the potential benefits for stakeholders and serves as the initial step before developing a business plan. Various aspects such as marketing, technology, legal considerations, environmental impact, human resources, management, and finance must be thoroughly evaluated to draw accurate conclusions from this study (Sawitri et al., 2011).

The integration of different aspects in a business feasibility study is vital, as errors in one area can have significant repercussions on others (Zakik et al., 2022). This study is not only valuable for business initiators but also for various stakeholders with diverse interests who require feasibility assessments (Mukherjee & Roy, 2017). Business operators rely on the conclusions of a business feasibility study to assess the viability of the business and the potential returns on investments made (Rostiana, 2024).

Business feasibility study is a fundamental tool for decision-making in the business world. By assessing various aspects and integrating them effectively, businesses can gain valuable insights into the viability of their ideas, mitigate risks, and enhance their chances of success in the competitive market landscape.

In the business feasibility study book by (Kasmir & Jakfar, 2009), multiple interconnected aspects are discussed, each playing a crucial role in the analysis process:

1. **Market and Marketing Aspects:** This aspect evaluates whether a company intending to invest has favorable market opportunities. It examines the market potential for the product offered and the current market share held by competitors. It also outlines marketing strategies to seize these opportunities. Market research, either through direct field surveys or data collection from various sources, is essential to determine the actual and potential market size. Based on this information, a marketing strategy can be developed.
2. **Legal Aspects:** This section addresses the completeness and validity of company documents, including the business entity's form and the required permits. Document validity and completeness are crucial as they provide the legal foundation for the company, ensuring it can address any future legal issues. The necessary documents are obtained from the relevant issuing authorities.
3. **Technical and Technological Aspects:** This aspect assesses the technical readiness and availability of the required technology to operate the business. It covers production strategy and planning, technology selection, determining optimal production capacity, factory layout,

operational plans regarding production volumes, and quality control of both goods and services.

4. **Financial and Economic Aspects:** This aspect investigates the anticipated costs and revenues of the project. It includes an analysis of the investment's payback period and the sources of business financing, considering the prevailing interest rates. The goal is to determine the profitability of the investment using various financial evaluation formulas.
5. **Management and Human Resource Aspects:** This aspect analyzes the business implementation stages and the readiness of the workforce, both skilled and unskilled, necessary to run the business effectively.

METHODOLOGY

This study is a qualitative field research, focusing on the Boba Boli drink shop in Pekanbaru. Data collection for this research was carried out through interviews, observations, and documentation with sources or sellers related to Boba Boli beverages in Pekanbaru, including the owner and customers. The qualitative research method, as a descriptive research approach that typically involves analysis, was utilized in this study (Wekke, 2020), (Pattiwel & Mulyandi, 2021). This method focuses on providing a detailed description of the subject matter and often involves analysing data in a non-quantitative manner to gain insights into the research topic.

RESULT AND DISCUSSION

The following are the results of the study, analysing various critical aspects of business feasibility. This comprehensive analysis includes market and marketing, legal, technical and technological, financial and economic, and management and human resource aspects. Each aspect is evaluated to determine the viability of the Boba Boli beverage business in Pekanbaru. The findings provide a detailed insight into the feasibility and potential success of the business.

1. **Market and Marketing Aspects:** The market and marketing aspects are crucial for assessing the feasibility of a business. The Boba Boli beverage business has four branches in the Pekanbaru area to meet the increasing market demand. The selection of raw materials is obtained directly from distributors, including boba, condensed milk, powdered milk, and various flavors, which are vital for this business. Besides producing delicious products, this business also markets its products through application services like Go food, Grab food, and Shopee Food. Attractive promotions have made it more popular, allowing it to grow in the Pekanbaru area, despite many competitors. Some of its competitors include Xiboba, Chat Time, and others. Considering the development of Boba Boli, which has four branches in Pekanbaru, it can be concluded that the Boba Boli business is feasible.

2. **Legal Aspects:** Establishing a business must include legal aspects. The owner chose to operate as a sole proprietorship because the business is still simple and does not have special declarations. This business has obtained permission from local community leaders and already has a SIUP (Trade Business License) and Patent for Logo and Brand. Thus, from a legal standpoint, this business is feasible to operate.
3. **Technical and Technological Aspects:** In choosing a business location, the owner selected the first locations at Bundaran Keris, Jalan Lumba-Lumba, Jalan Kereta Api, and Jalan Sudirman, which are frequently passed by many people. The technology used in this business is efficient and practical in terms of packaging, using a cup sealer, but still employs simple tools for mixing. Cash flow recording or bookkeeping is still done manually in books, but payments can be made in cash or non-cash such as Qris, Dana, Shopee Pay, and Go pay. Based on the assessment of technical and technological aspects, this business is feasible to operate.
4. **Financial and Economic Aspects:** The financial aspect of the Boba Boli beverage business has accounted for the investment and capital to be spent, starting with an initial investment of 5 million IDR in 2019 to open the first Boba Boli outlet. The owner has already experienced a return on investment, achieving the desired profit. The profit earned at one frequently visited location is 22,500,000 IDR per month. With the expansion of Boba Boli to four locations, the total profit is approximately 90,000,000 IDR per month. From an economic standpoint, this business can increase the income of employees' families and help the government reduce unemployment, making it financially and economically feasible.
5. **Management and Human Resource Aspects:** The organizational structure of the Boba Boli beverage business is still simple, with each branch having three employees, totaling 12 employees. Each employee has different job responsibilities, and each branch operates in two shifts: 10:00-19:00 and 19:00-00:00. Employees must have a hard-working attitude, be responsible, and honest, which are essential aspects of the workforce, making this business feasible to operate.

Based on the research findings on the Boba Boli drink business in Pekanbaru, several relevant discussions can be explored:

1. **Market and Marketing Aspects:** This study reveals that Boba Boli has positioned itself in a competitive market by opening four branches in Pekanbaru. Support from delivery app services like Go food, Grab food, and Shopee Food, along with effective promotional strategies, has increased brand visibility and attractiveness among consumers. Despite competing with other brands like Xiboba and Chat Time, Boba Boli has managed to grow and expand.
2. **Legal Aspects:** From a legal perspective, Boba Boli has ensured compliance with regulations by obtaining business licenses and legal protection for its logo and trademarks. The decision to operate as a sole

proprietorship also proves to be a suitable choice in meeting simple yet crucial legal requirements.

3. **Technical and Technological Aspects:** The technology used in Boba Boli's operations, such as cup sealers for packaging and non-cash payment systems, demonstrates readiness in adopting efficient technology for a business still in its growth phase. Despite using simple tools for mixing, operational efficiency remains intact.
4. **Financial and Economic Aspects:** Financially, Boba Boli has effectively managed its initial investment and achieved break-even within a relatively short period. Profits generated from each branch indicate the financial health of this business, with significant monthly earnings from all locations. Contributions to employee income and other economic benefits show that Boba Boli has the potential to continue providing positive impacts to the local community.
5. **Management and Human Resources Aspects:** The simple management structure with clear shift arrangements has aided Boba Boli in effectively managing human resources. Competent and dedicated employees are valuable assets in maintaining service quality and product consistency, crucial for their operational success.

These research findings indicate that Boba Boli is not only viable for ongoing operations but also has the potential for sustainable growth in a competitive market. With strategic approaches and efficient management, Boba Boli can maintain its position as a key player in the boba drink industry in Pekanbaru.

CONCLUSIONS AND RECOMMENDATIONS

The conclusions drawn from the overall aspects studied:

1. The Market and Marketing, Legal, Technical and Technological, and Management and Human Resources aspects of the Boba Boli beverage business indicate that it meets the requirements and demonstrates feasibility for operation.
2. This research identifies a need for improvements in the Technical and Technological aspects, particularly in providing tents for customers at certain locations. Therefore, further in-depth research on the technical and technological aspects is necessary to enable Boba Boli to achieve even greater profitability.

The implementation plan includes expanding market reach through targeted promotions and utilizing delivery app services like Go food, Grab food, and Shopee Food. Ensure legal compliance by updating documents regularly, maintaining trademarks, and adhering to local regulations. Improve customer experience by installing tents at locations and upgrading payment systems for efficiency. Develop a strategic financial plan to reinvest profits into business expansion and monitor financial performance closely. Implement ongoing training to enhance staff skills and maintain a positive work

environment with career development opportunities and incentives. These steps will optimize operations, strengthen market position, and ensure sustainable growth for Boba Boli in Pekanbaru's competitive beverage industry.

FURTHER RESEARCH

This study's limitations include its qualitative focus through interviews and observations, suggesting future research could benefit from incorporating quantitative data for a more comprehensive analysis. The study's geographic and temporal scope was limited to Pekanbaru and a specific timeframe, potentially affecting generalizability. For further research, conducting quantitative surveys across diverse demographics, comparative studies with similar businesses in different regions, and longitudinal studies tracking financial and operational trends would provide deeper insights into market dynamics and business sustainability in the boba drink industry.

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