

A FEASIBILITY STUDY OF INVESTMENT IN SNACK AND DRINK SHOP IN SUAN YAI SUBDISTRICT, MUANG NONTABURI DISTRICT, NONTABURI PROVINCE

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Abstract

The objective of this independent study was to study the marketing, technical, financial and management factors to assess a feasibility of investment on the business of snack and drink shop. Data were collected by using the questionnaire distributed to 400 people of sampling group, then analyzed by descriptive statistics using frequency and percentage. The showed that 41% of the target group were students in schools/colleges; 29% of age between 15-20 years; 58.75% answered that their would purchase goods and services during 4-5 p.m.; 40.50% would spend about 51-100 baht on purchasing goods and service; *Management and technical feasibility, marketing strategies*, included wide range of products, reasonable price for the quality, using 7Ps marketing mix for management that focused on convenient food t for travelling, modern designed shop with cozy atmosphere and WiFi service; *Financial feasibility study* showed that this 5 years project would cost 850,000 baht with rate of return on investment 136%, NPV 8,045,543.83 baht, payback period of 1 year 6 days. It could, therefore, be concluded that this project would be feasible for investment.

Keywords: Feasibility, Snack and drink shop



Introduction

Nonthaburi province is the closest city of Bangkok Metropolitan Region, whose population density is ranked 2nd after Bangkok. There are many means of transportation available which make people feel that it is not much apart from Bangkok. It has become a choice of living place to avoid the hustle and bustle of big city, but still easy for commuting. *Nonthaburi Pier or Tha Nam Nont or Pibulsongkhram 3 Pier*, one of Chao Phraya River piers, is located in Muang Nonthaburi district, Nonthaburi province, which is used as the crossing river pier and Chao Phraya Express Boat pier. All express boats moor at this pier as it is the connecting point to other land transports, bus stop for many routes. It is also the first and last station (pier) for people travelling this route. Tha Nam Nont is, therefore, very active area all day long.

With rapid changes of economic, social and environmental conditions, human living conditions nowadays in big cities. Lifestyle has become hustle. Because of the limitation of time, men seek for more convenience in life in all aspects, including food consumption behavior. Snacks or food consumed between meals are taken more roles in today’s life, especially for studying-age and working-age groups who prefer having them. Consequently, the business of snack and drink shop has grown steadily.

Snack and drink shop means a retail shop serving *snacks* to relieve hunger or to give quick energy to the body, for example: *Thai snacks*, such as, various kind of stuffed steamed Pansib, Kratong Thong (minced chicken and sweet corn in crispy golden cup), Kanom Buang Krob (Thai crispy pancake), Saku Sai Moo (tapioca pearl balls with pork filling), Miang Lao (sweetened pork and peanut balls wrapped with pickled green mustard leaves), Kanom Sod Sai (steamed flour with coconut filling) and Tago (Thai pudding with coconut milk topping); *Chinese snacks*, such as: rice porridge, noodle, wonton soup, shumai, Chinese pastry and steamed stuff bun; *International snacks*, such as, sandwich, stuffed bread, cake, jelly and ice-cream; and various kinds of *drinks* that go well with snacks, such as, fruit juice, tea, coffee, milk and chocolate. Consumers can buy snack and drink to eat between meals or during their commuting to school or to work to save their time. As it is expected that the demand and purchasing power will be increased, and in order to meet with consumer needs, the business of snack and drink shop is attractive and feasible for investment.

The above were the reason for this study of business of snack and drink shop. The researcher realizes the need and behavior of the consumers using the boats for traveling between Nonthaburi pier and other piers as they are in a hurry and look for food that is easy to grab and go or to eat while commuting. In order to respond to the consumer need and behavior, the researcher is, therefore, interested in studying the marketing, technical, financial and management information to assess the feasibility of business investment of snack and drink shop.

Objectives

To analyzed feasibility in marketing,, technical, management and financial aspects for the business project of snack and drink shop.

Methodology

This feasibility study of investment on business of snack and drink shop in Suan Yai Subdistrict, Muang Nonthaburi District, Nonthaburi province was performed by methods of survey research using the questionnaire covering on marketing, management, techniques and finance. Study population included only youth, students and people who commuted and used the service of public passenger boats at Nonthaburi pier in Suan Yai subdistrict, Muang Nonthaburi district, Nonthaburi province. 256,190 people in Nonthaburi subdistrict municipality (Nonthaburi Provincial Statistical Office 2015) were the database used to determine the number of population which was calculated by Taro Yamane formula (Prasopchai Pasunon 2553: 41) with a precision rate of $\pm 5\%$ or 95% confidence level to get a sampling group of 400. The instrument used for data collection was a questionnaire with 3 parts: Part 1 and part 2 consisted of 5 and 6 checklist questions, respectively. Part 3 consisted of 32 questions of 5 levels rating scale. Formula of Cronbach's alpha coefficient was used to assess the tool quality, by SPSS program v.19 which was 0.7556 Data were analyzed by descriptive statistics, which included frequency distribution and percentage for Part 1, and mean value and standard deviation for Part 2 and 3, following by marketing analysis with 7Ps Marketing Mix and PESTE analysis.

Results

Most of the respondents, 252 people (63%) were female. The other 148 people (37%) were male. Most of them, 116 people (29%), were between 15 – 20 years old. 217 people (54.25%) had a bachelor degree. 164 people (41%) were students in schools/colleges. 198 people (49%) had a monthly income between 5,001 baht – 10,000 baht.

Results from General Environment Analysis

PESTE analysis was used for current general environment analysis as follows:

1. Political and legal factor. As political stability, in current situation, has influenced over the decision to invest or start the business, the current Government has issued the economic stimulus package to recover purchasing power and focus on assisting small and medium enterprises (SME) as well as the real estate business, which has been a good sign for investor and consumer confidence.

2. Economic factor. In current situation, the overall economic growth has been higher. Export and tourism services become key factors to support the economic growth, including the continued expansion of household expenditure, which have been partially supported by government stimulus package. Nowadays, the competition in business of snack and drink shop has been likely more intensified since there have been more new snack shop entrepreneurs in the market as the investment in this business is not very high and payback period is quite short. With the intensified competition in the market, both current and new entrepreneurs would have to use marketing strategy that would respond to the consumer need in order to gain more market shares.

3. Social factor. With rapid changes of society and environment, the conditions of human lifestyle have been completely changed. Human lifestyle, which has become hustle

because of limited time, made people seek more comforts in every way and willing to pay for those, such as, working-age group prefer to buy snacks instead of having main meal to save their commuting time to work, school age group prefer to hang out at snack and drink shops in their relaxed time or for group activity after their daily regular tasks.

4. Technological factor. Technology has a social role in life considerably. Especially for teenagers, internet has become one of their basic needs. Therefore, service of free wifi is required for the snack and drink shop. It can be used to share locations, menus, as well as to promote the business and activity which help making the business known by public and respond to the need and lifestyle of city people.

5. Environmental factor. Because of the increasing number of population, the city has become denser with places, such as, government offices, private offices, stores. Snack and drink shop which is well designed and modern furnished with facilities and airy atmosphere will persuade the consumers to use the service.

Results of EFAS: External Factors Analysis Summary

Study of competitive analysis using Five Forces Model consisted of the following 5 factors:

1. Threat of Potential Competitors

Snack and drink shop is the business that many entrepreneurs are interested to invest. It is easy to operate if the business can make products and services differentiation. For example: nice decoration and cozy atmosphere of the shop, a wide selection of menu, good branding (easy to remember), reasonable price, good taste, and facilities. To persuade the consumers to busy products and services, the new entrepreneurs could be disadvantaged in many aspects, such as, production and variety of the snack and drink menu as their costs would be higher than the shops that have been opened longer with regular consumers.

2. Competitive Among Established Companies

For the competitive condition of snack and drink shop in a form of a store in a permanent building in the area of Nonhaburi pier, there has been none of the same type of shop doing the same business within the distance of 1 kilometer. With space limitation of dense community, there have been only stalls for snack and drink that would open between 3 – 11 p.m. Therefore, there would be no intensification in business competition.

3. The Bargaining Power of Buyers

Bargaining power of consumers is very high as they have many choices in the goods consumption. There are convenient stores on both sides of the business project of snack and drink shop. To attract the target group and make them satisfied with the products, the entrepreneur would have to make distinctiveness and value of products.

4. The Bargaining Power of Suppliers

Products used or sold in the shop must be carefully selected in order to get high quality and nutritious ones. There are many manufacturers for many supplies, the entrepreneurs could have the opportunity to choose the products and bargain with the suppliers. However, there are some types of supplies/products that are rare to find, the manufacturer or suppliers would have more bargaining power.

5. Threat of Substitute Products

Consumers can buy goods from any convenient stores or stalls with a wide selection. They have high bargaining power and may not purchase the goods and services from snack and drink shop.

Conclusion

Feasibility study on marketing, consumer behavior and consumer need showed that: 41% of the target group were students, 29% were between 15-20 years old, 58.75% bought goods and services during 4-5 p.m. and 40.50% spent about 51-100 baht for purchasing goods and services. Feasibility study on management and techniques indicated that planning marketing strategy, providing wide range of products with reasonable process, management performed using 7Ps marketing mix, focusing on convenient food for commuting, cozy atmosphere and modern design of the shop with free wifi would help creating the competitive opportunity. Financial feasibility study pointed out that: amount of investment = 850,000 baht, project period = 5 years, internal rate of return (IRR) = 136%, net present value (NPV) = 8,045,543.83 baht, payback period = 1 year 6 days. It could be concluded that this project is worth for investment as the sales volume would be higher than break-even point.

Suggestion

Snack and drink shop is a business with high competition. Because of social changes, there are higher demand and expectation from consumers in choosing the services. The business should, therefore, continue improving the products and quality of products to satisfy the consumer need, studying the sourcing of supplies to get good quality of supplies with reasonable prices in order to be able to reduce the cost.

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Table 1 Summary of results

Study	Findings	Reasons
Marketing	Feasible	<ol style="list-style-type: none">1. There are still high demand2. With air-conditioned room, it will respond to the needs and satisfaction of customers3. Location of the project is close to river pier, educational institutions, official places with convenient commute. There are many bus routes passing and tourist attractions.
Technique	Feasible	<ol style="list-style-type: none">1. Modern tools and materials to produce goods/products in short time. Make it easy and convenient.2. Wifi
Management	Feasible	<ol style="list-style-type: none">1. As a single proprietorship, it will be easy for decision making2. With 7 employees, all operations are covered. Everyone has clear operational responsibilities which make it easy to comply with.
Financial	Feasible	<ol style="list-style-type: none">1. Total investment of 850,000 baht2. Payback period = 1 year 6 days3. Net present value = 8,045,543.83 baht4. Internal rate of return = 136 %