

**Case Study on Urban Dwellers' Food Lifestyle:
Evidence from the Philippines**

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Abstract. Condominium developments are at the center of everything that ever mattered: shopping malls, schools, hospitals, banks, and easy access to major highways and public transportation. You will be surprised at the amount of time you save because it will take you only a few minutes to get to work, not to mention fuel. The level of stress you experience everyday because of traffic and long lines will be significantly reduced. Convenience is the condo's surname. It has everything you need. Aside from the location, new condo developments have business establishments to cater to condo residents. It's like having a mall at your doorstep. If you need some repairs done, property management is just a phone call away. This goes the same with food preparation and consumption for families dining in condominiums. There is a niche market for food subscription plans based on the fast paced lifestyle of condominium tenants, but that the general market in the food industry, with emphasis on deliveries.

Keywords: niche, artisan, meal plan, restaurateur

Introduction

The food and beverage industry has been improving over the years. During 2018, the food and beverage industry in the Philippines' revenue is at \$68 million while this year it is estimated to generate \$72 million. Experts project that the industry will continue to expand to generate \$88 million in 2023. The number of users too has been increasing. During 2018, it was reported that 90,000 food outlets participate in the food and beverage industry and is projected to continue to increase through 2021.

With such promising numbers, ideally it would be good to enter the food and beverage industry. However, there are numerous barriers to entry. First and foremost, one's location is very important to run a successful restaurant. A restaurant's location should be easily accessible by car or foot, should have a lot of parking space and should be near businesses that complement your food. Today, such places are either already occupied or are very expensive to rent.

Aside from the location, competing with restaurants nearby also proves to be difficult. Established restaurants already have loyal customers and winning them over is a difficult task. A new restaurant may offer a similar menu, but the environment and ambiance is difficult to reproduce. A new restaurant must offer a better experience to take their competitor's loyal customers.

Before opening a restaurant, the restaurateur must first undergo heavy screening and comply with the city's regulations. Strict health requirements as well as licenses could be very difficult to acquire and costly too. A lawyer may speed the process, however it would cost more to hire one. Given a restaurateurs limited capital, hiring an attorney may not be in his/her budget.

Lastly, economies of scale are also hard to achieve if you are new to the industry. A restaurant with a large market would demand lower prices for its supplies. This could be

translated into either one of two outcomes, a higher profit margin or lower prices - both of which would help a restaurant survive in a competitive market. However, because most restaurants that have achieved economies of scale sell standardized food items, a restaurant that serves high quality or unique food could generate enough demand to survive the market.

The high number of establishments currently present in the country created stiff competition in the industry. High competition in the industry made it necessary for new entrants to the market to create new products for customers.

Background

A niche market is a subset within a market for which a specific good or service is focused on. The market niche is what a good or service feature is based on, to satisfy specific needs within that market, as well as to determine the price range to fit the market's willingness to pay, production quality and the demographic it is intended to impact.

The researcher having resided in a few condominiums noticed that most food kept are typically fast food or take outs. The researchers also noticed that in their refrigerators, there are rarely enough ingredients for a home-cooked meal.

In today's fast paced world, people rarely have time to go to the grocery and cook for themselves. People nowadays spend a lot of time in work or stuck in traffic. The researchers realized, instead of having take-outs and traditional fast food deliveries, it would be better if people could eat home-cooked meals without the hassle of cooking for themselves.

Food delivery services began in the Philippines during the decade of the 80s. They've noticed that as time went on, people overall had less time to head out after work and would rather head straight home, naturally leaving the seats of their establishments empty compared to how it was before. Delivery became the solution to their problem of reaching their customers who wanted to receive their services, yet could not do so due to time constraints and lifestyle fatigue.

Statement of the Problem

The researcher wants to know the viability of introducing a subscription-based meal plan for condominium tenants with the support of a walk in restaurant for other customers. There are several factors that could affect the restaurant's viability. Such are:

1. Is there a market for their niche product - a subscription based meal plan for potential customers that lack time to prepare food themselves?
2. Renting condominium spaces for business establishments are expensive. Could the lack of delivery cost make up for the additional rent?
3. Is there ample foot traffic that would purchase home-cooked Filipino food?

Hypothesis

HO: The niche market concept in food lifestyle exists for condominium dwellers in Manila.

Significance of the Study

The restaurateurs. The study would help determine the viability of preparing and delivering home cooked meals for people living a fast paced lifestyle. The study would determine at what price such a venture is profitable. It could also open opportunities to expand their operation to another condominium.

The customers. The researcher assumes that most people living in condominiums today live a fast-paced lifestyle. That being said, most of them lack time to prepare their food. As a result, people either order fast food or order take out. Eating fast food everyday has already been proven to be detrimental to one's health. Taking out food both decreases the quality of

food and also costs the customers' time. As a solution, the customers could plan their meals ahead and have quality food delivered without wasting time on taking out.

The future researchers. For the future researchers, this paper may aid in learning more about the current relationship between condominium tenants and time spent for food. Although the subscription based plan by the researcher is not viable enough to make profit, the data still suggests that currently, a considerable number of people spend less time on preparing and eating food. This study may also branch out to other activities in the tenant's life that the researchers were not able to find.

Scope and Delimitations

The researcher's methodology was performed at a condominium in Espana that caters for the middle class. The researcher assume that their market consists of middle class condominium dwellers. The upper class has money to spend on more expensive substitutes and has more time to spend on food. The middle class, on the other hand, needs all the time and savings that they could get.

The researcher also believes that Espana offers many foot traffic as well as few other restaurants that may pose a threat to the restaurant itself.

Conceptual Paradigm

Input	Process	Output
Survey- tenant preference <ul style="list-style-type: none"> ● Price ● Food type ● Dine-in / Take-out ● Frequency of Delivery Product acceptance	Assessment by the condo dwellers of Espana	Tenant profiles

Definition of Terms

Food and beverage industry - The food and beverages industry is all companies involved in processing raw food materials, packaging, and distributing them.

Niche market - A niche market is the subset of the market on which a specific product is focused. The market niche defines as the product features aimed at satisfying specific market needs, as well as the price range, production quality and the demographics that is intended to impact. It is also a small market segment.

Artisan food - Artisan food is a type of food that is not mass produced, but handmade, and includes cheese and bread making, charcuterie and other foods involving a fermentation process.

Barriers to entry - Barriers to entry are the existence of high startup costs or other obstacles that prevent new competitors from easily entering an industry or area of business.

Economies of scale - Economies of scale is the cost advantage that arises with increased output of a product. Economies of scale arise because of the inverse relationship between the quantity produced and per-unit fixed costs

Restaurateur - A restaurateur is a person who opens and runs restaurants professionally. Although over time the term has come to describe any person who owns a restaurant, traditionally it refers to a highly skilled professional who is proficient in all aspects of the restaurant business.

Substitute - In consumer theory, substitute goods or substitutes are products that a consumer perceives as similar or comparable, so that having more of one product makes them

desire less of the other product. Formally, X and Y are substitutes if, when the price of X rises, the demand for Y rises.

Meal plans - Planning your meals a week ahead of time.

Customizable meal plans - a type of meal plan where the subscriber could choose his/her viands.

Order - for this study, 1 order corresponds to 1 meal.

Research Methodology

This chapter deals with the methodology and procedure used in the study. Specifically, the components of this chapter are research design, sources of data, respondents of the study, research instrument, data gathering procedure and statistical treatment of data.

Research Design

For this study, the researcher used costing techniques and surveys to determine the viability of the company. Costing techniques were vital in order to have a benchmark of the amount of profits needed to sustain the company while surveys were used to study the market and determine whether or not they are interested in the goods to be sold.

Sources of Data

Primary sources of data. In order to determine the susceptibility of the market, the researcher surveyed 30 tenants of a condominium building in Espana. In order to determine the proper costing and pricing to make a profitable business, the researcher gathered the ingredients' prices from the Quiapo Market - the closest (therefore least costly) market from the condominium.

Secondary sources of data. The researcher gathered information from online sources, business news articles and journals. Since market researches and trends need to be up to date, most sources were taken from the internet.

Data Gathering Procedures

For this study, the researcher has determined that condominium tenants from the middle class were the perfect fit for the niche market defined. Hence, the researchers conducted a gave out questionnaires to the tenants of a condominium building in Espana, Manila. For costing, the researcher chose to study market prices in the Quiapo Market. To properly study niche markets, and for facts within the paper, the researcher chose to do research on the internet since the data and the studies that must be used should be relatively recent since trends may change over time.

Respondents of the Study

Among the 30 people surveyed, 5 of them were females within the 21-25 year old age group, 8 of them were females within the 26-30 year old age group, 6 of them were males within the 21-25 year old age group, and 11 of them were males within the 26-30 year old age group.

Research Instrument

To study the niche market, the researchers elected to create and distribute questionnaires to these tenants. Survey questionnaires are able to gather both quantitative and qualitative data - both of which are important for the study being undertaken.

Statistical Treatment of Data

1) *Percentage*

- Statistical tool for the determination of the services being offered by the Hotel Kimberly Inc.

Formula:

$$\% = \frac{n}{N} \times 100\%$$

Where:

n = responses of the respondents

N= denotes the total number of respondents

100% = constant

2) *Averaging*

- Statistical tool used to determine the average price that the tenants of AmioTuazonare willing to pay for food.

Formula:

$$\text{AveP} = \frac{\sum fp}{N}$$

Where:

AveP = the average price

$\sum fp$ = the summation of the products of the number of respondents for each price level they have chose. The price levels for options 1, 2 and 3 have been determined by using their midpoints, which are 65, 100, and 160 respectively, while for the 4th option 200 has been used as this is the lowest value of that infinite price range.

N = denotes the total number of respondents

3) *Weighted mean*

- Used in order to arrive at the middle state between the extremes of the variables, which is the average point. Used in situations where the numbers or variables are not equally important.

Formula:

$$\text{Wm} = \frac{\sum fx}{N}$$

Where:

Wm = the weighted mean

$\sum fx$ = the product of the number of items the respondents is made and its corresponding weights.

N = denotes the number of respondents

Presentation, Analysis and Interpretation of Data

Survey Results

The researcher surveyed 30 tenants. The following are the results from the questionnaire.

Table 1.1. Both males and females surveyed lean towards spending with the third price level which is 120 – 200 Php

How much do you spend on food?							
Price level	Choice level	Total freq	Total freq %	Female freq	Female freq %	Male freq	Male freq %
50-80	1	6	20.0	2	6.67	4	13.33
80-120	2	10	33.33	5	16.67	5	16.67
120-200	3	7	23.33	3	10	4	13.33
Above 200	4	7	23.33	3	10	4	13.33
		wm=	2.50	wm=	2.54	wm=	2.47

Table 1.2. Both male and female are divided between home cooked meals, healthy meals and fast food

What is your typical food choice?							
Food type	Choice level	Total freq	Total freq %	Female freq	Female freq %	Male freq	Male freq %
Artisan / specialty food	1	1	3.33	1	3.33	0	0
Home cooked meals	2	8	26.67	4	13.33	4	13.33
Healthy meals	3	9	30	3	10	6	20
Fast food	4	12	40	5	16.67	7	23.33
		wm=	3.07	wm=	2.92	wm=	3.18

Table 1.3. The population of respondents lean towards take out

When ordering food at a restaurant, do you mostly							
Dining preference	Choice level	Total freq	Total freq %	Female freq	Female freq %	Male freq	Male freq %
Dine in	1	14	46.67	7	23.33	7	23.33
Take out	2	16	53.33	6	20	10	33.33
		wm=	1.53	wm=	1.46	wm=	1.59

Table 1.4. The average frequency of food delivery within a week is leaning towards twice a week

How often do you order food delivery							
Food delivery freq	Choice level	Total freq	Total freq %	Female freq	Female freq %	Male freq	Male freq %
Once a week	1	11	36.67	4	13.33	7	23.33
Twice a week	2	8	26.67	5	16.67	3	10
3-5 times a week	3	5	16.67	3	10	2	6.67
Everyday	4	4	13.33	0	0	4	13.33
Never	0	2	6.67	1	3.33	1	3.33
		wm=	1.80	wm=	1.77	wm=	2.06

Table 1.5. People surveyed were indifferent when it came to home cooked delivered meals

With 1 as the lowest interest and 5 as the highest interest, rate the following:						
Home cooked delivered meals						
Score(x)	Freq(f)	fx	Female freq	Female fx	Male freq	Male fx
1	4	4	1	1	3	3
2	6	12	2	4	4	8
3	10	30	7	21	3	9
4	5	20	2	8	3	12
5	5	25	1	5	4	20
	wm=	3.03	wm=	3	wm=	3.06

Table 1.6. Both males and females were not interested in weekly subscribed meal plans

With 1 as the lowest interest and 5 as the highest interest, rate the following:						
Weekly subscribed meal plans						
Score(x)	Frequency(f)	fx	Female freq	Female fx	Male freq	Male fx
1	9	9	4	4	5	5
2	7	14	1	2	6	12
3	7	21	4	12	3	9
4	5	20	2	8	3	12
5	2	10	2	10	0	0
	wm=	2.47	wm=	2.77	wm=	2.24

Table 1.7. Both males and females are interested in customizable meal plans

With 1 as the lowest interest and 5 as the highest interest, rate the following:						
Customizable meal plans						
Score(x)	Freq(f)	fx	Female freq	Female fx	Male freq	Male fx
1	2	2	1	1	1	1
2	5	10	1	2	4	8
3	4	12	3	9	1	3
4	8	32	4	16	4	16
5	11	55	4	20	7	35
	wm=	3.7	wm=	3.69	wm=	3.71

Costing

The researcher undertook product costing by personally producing samples of the products that the theoretical restaurant business will provide. What follows is the costing of the food products along with fixed cost and estimated variable costs.

Average food cost - 41.09 Php

Fixed Costs

Rent - 13,200 Php/Month

Wage - 54,000 Php/Month

Variable Costs

Electricity - 10,000 Php/Month

Water - 1,000 Php/Month

Summary

This study is focused on determining if there is a niche market for food lifestyle based of condominium tenants' fast paced lifestyle within Manila.

The researcher created surveys for tenants to be answered so as to determine whether they preferred dining in or taking out their meals, at what price level they usually spend for food, preferences and responsiveness.

Findings

1.1 Show that the majority of the surveyed are willing to pay for food at price of 80 Php or higher with an emphasis that the most number of respondents have checked that they are willing to pay between the prices of 80 Php and 120 Php. Through averaging the answers received from the questionnaire the researcher have reached the result that the theoretical

average price to use is 130 Php for their analysis, based off the weighted mean results. With an average food cost of 41.09 Php the theoretical average profit per meal is 88.91 Php. Fixed costs and variable costs, excluding food costs, sums up to 78,200 Php. With this the researchers are able to compute for the number of orders needed to break even. At the profit per meal of 88.91 Php, the number of orders needed to break even amounts to 880 a month or roughly 332 orders a week or 45 orders a day.

1.2 Among the 30 people surveyed, 8 people prefer home cooked meals, 9 people prefer healthy meals, 1 person prefers artisan or specialty food, and 12 people prefer eating take out.

1.3 Table 1.3 shows 30 people surveyed, 14 people prefer dining in while 16 people prefer taking out.

1.4 The researcher have used this data set to simulate frequency of orders by the 30 respondents that they have surveyed thus allowing them to compute for a theoretical gross profit per month. 11 order once a week, meaning at 130Php retail price they contribute 5,720Php monthly to gross profit. For those who order twice a week they contribute 8,320Php monthly, thrice a week at the minimum they contribute 7,800 Php monthly and those who order everyday contribute 15,600 Php monthly. Totalling the gross profit estimate, it is now valued at 37,440 Php monthly. The total orders that the 30 respondents have theoretically contributed to the research amounts to 288.

1.5 Shows that the majority of the respondents aren't particularly interested in the type of cuisine the food they ask to be delivered.

1.6 Shows that the majority is not that receptive to the idea of weekly subscribed meal plans

1.7 Shows that even if they aren't particular about the food cuisine they are ordering, they would prefer to have a say on how the food that they are being delivered to be.

Conclusion

The researcher, through the data gathered, its analysis and the derived results, they have concluded that:

1) There is a niche market based on the fast paced lifestyle of condominium tenants, but that the general market in the food industry, with emphasis on deliveries, has shown that the competition derived from fast food chains such as Jollibee and McDonalds are deeply entrenched in the market thus making it hard for new entrees into the industry even with a niche market, to have a difficult time stabilizing themselves within the market.

2) Another conclusion that the researcher has reached is that subscription meal plans are not well received by the market. This may be due to the fact that the markets' taste for food differs daily and that having a subscription plan for meals binds them, thus not allowing them to freely decide what they should have for the day. Although it would be possible for restaurants to offer a wider menu, the inventory costs would increase.

3) Lastly the researcher has concluded that a more in depth study of this niche market should be done for the samples they have received were too small, but conclusive in that if the population of the condominium that the restaurant mainly markets to has over 100 residence or that if the market reach of the restaurant goes beyond just one condominium, it is plausible for the restaurant to break even at the least.

Recommendation

1) The researcher recommends that those who wish to enter this market, aim for a wider market reach as a single condominium area is too small to accomplish breakeven levels within Manila.

2) It is recommended that those who wish to enter the market, be open to the idea that they should be able to customize their meals to specific needs requested by the customers.

3) That the time of service, from preparation to the customers receiving their meals be close to the time service of fast food chains, as this market is fast paced and value time over all.

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