

Taiwan tea milk and other desserts demand estimation report examples

[Business](#), [Marketing](#)



for Argentina and Hungary

Olomoze's products would be aggregated in the group or category where tea milk and bubble tea are also classified. From the industry or macroeconomic perspective, while they may be differentiated, these products are considered as alternatives or substitutes to each other. Instead of using dairy or ice cream industry data (which comprise a bigger industry), Taiwan's aggregated demand for tea milk and similar products are used for demand estimation.

Taiwan's consumption of or demand for these products is estimated at about 1.5 billion cups a year. Each cup is about 8 ounces, but cups or their equivalent are used for estimation as they are also the selling units. Taiwan's demand may be very high and peculiar to the country. So, this could only be the maximum potential any other country would have. The demand for other countries will have to be adjusted accordingly.

Argentina and Hungary are two countries that Olomoze is considering to expand into. The two countries are very dissimilar to Taiwan but their economic profiles indicate that their populations could afford new products like those of Olomoze's. (See Table 1.) Preferences are assumed to be the same and can actually be developed with appropriate information campaign and marketing.

Weight to Adjust Taiwan Demand

In addition, the ratio of the capital cities population to that of the total population was also computed. The entry and marketing of the product usually focus only on urban centers, in particular the capital cities. (See Table 2.)

All these ratios were multiplied together to get the weight that would be used for the estimation. For Buenos Aires in Argentina, the equivalent of Taiwan's total demand is about 24.5%. For Budapest in Hungary, the ratio is 1.2%. (See Table 2.)

Growth Rates for Demand Forecast

Aggregate Volume Demand Estimate

In computing for the volume demand, cups were used as the unit of measure instead of ounces or liters because this is also unit used in sales. It is also the unit that would be used in computing costs. Multiplying the resulting figure with the selling price would yield monetary value of the demand.

The weights obtained in Table 2 were applied to the Taiwan annual demand to obtain the maximum potential demand in the two countries. As discussed, these weights aim to capture the equivalent of the Taiwan demand in the two countries' capital cities. It is important to note that the resulting figures represent the maximum, potential aggregate demand assuming that all conditions are equal for the two countries and Taiwan.

Volume Sales Forecast Based on Probability

The above demand estimates are the aggregate demand estimates. That is the equivalent of 100% of Taiwan's demand adjusted according to Argentina's and Hungary's population. This assumes that the conditions in the three countries are the same.

It is unlikely though that the population of Argentina and Hungary will behave in the same way as that of Taiwan. So, the demand estimates need to be further reduced. It is reasonable to assume that about 10% of the

potential aggregated demand could be achieved mainly as a result of marketing efforts and learning curve. The five-year forecast also assumes that there will be no expansion beyond the capital cities and no additional investment will be made after the first year (aside from marketing efforts of course). There would be differences in the computation of the two countries' demand forecast in the next five years.

Argentina. The volume demand forecast at 1% of aggregate demand is about 3, 672, 757 cups. The probability of converting the aggregate demand into sales is increased at the same rate as the country' average economic growth. So by 2017, the demand would have almost doubled at 6, 055, 604 cups. (see Table 5.)

Hungary. The volume demand forecast probability was set at 1% for the first year of operations. The probability is increased by 5% every year. The rate is higher than Hungary's industry growth rate of 3% but lower than Argentina's economic growth. The rate is believed to be attainable mainly as a result of aggressive marketing rather than reliance on environmental factors. Volume demand forecast for the first year is 18, 238, 868 cups and for the fifth year, 22, 660, 636. (See Table 6.)

Conclusion

Clearly from the estimates, even with just using the volume demand estimates, Argentina is the better option over Hungary. Its population alone—which is bigger than that of Taiwan—already gives it a better chance of having more sales. The income differences between Argentina and Hungary can be considered negligible. Argentina's economic growth prospects and

population more than compensates for whatever disadvantages the country may have compared with Hungary.

Hungary may have other problems that are not revealed in available research data. Its currency does not seem to be honored widely in other countries. Exchange rates are a bit difficult to find which would make the country a bit difficult to invest in. Until economic prospects in Hungary improves, Argentina would at this point in time be the better country for Olomoze to expand into.

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