

# Rise of Bubble Tea

ENGL420

Shyam Pandey

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# Introduction

When it comes to tea, we often associate it with Chinese tea or English tea where we prepare it with tea leaves and boiled water. Today, there is a new favorite among people, which is the bubble tea. It has become a global trend as we often see people holding a plastic cup beverage with dark brown balls at the bottom while walking on the streets. The drink originated from the Taiwanese community, but its presence has now spread to all over the world. Kung Fu Tea, the largest bubble tea chain in US currently has 166 stores across the nation and they are anticipating to open 50 more new stores in 2019 (Our Kung Fu Tea Story, n.d.). This shows that the bubble tea industry is experiencing a tremendous growth.

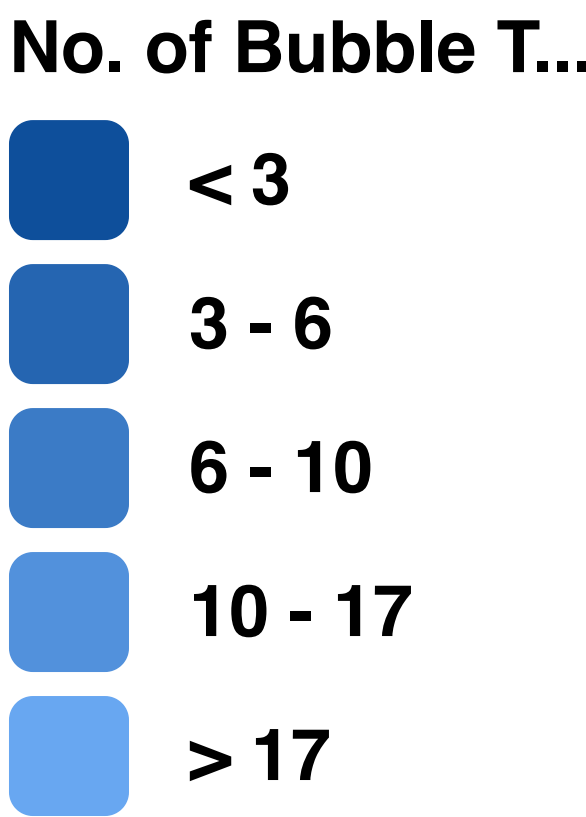
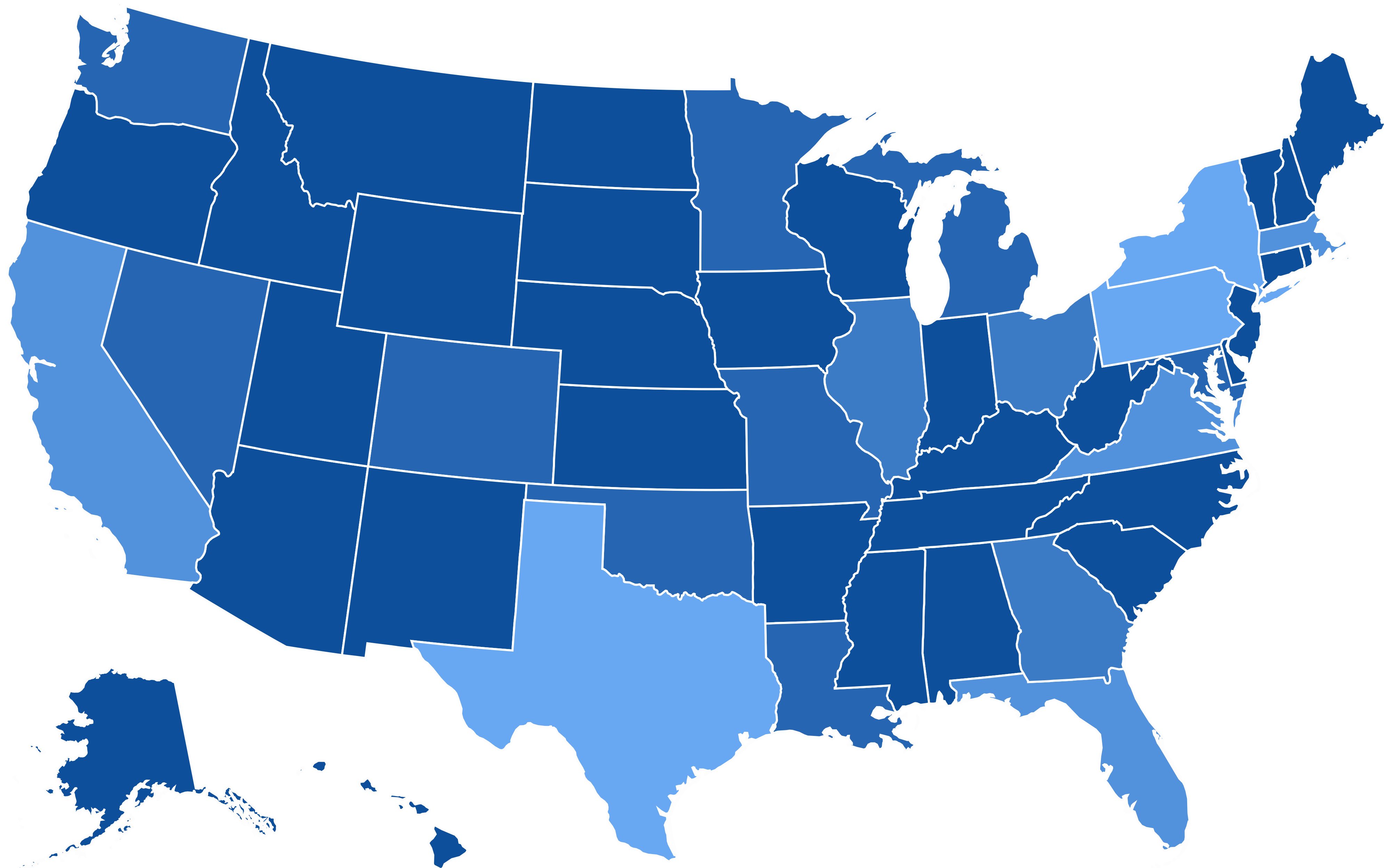
Bubble tea is a flavored tea served with milk, ice and bubbles. It is also known as 'Boba' due to its eye-catching dark colored bubble balls component. These bubbles are actually tapioca pearls made of starch extracted from a vegetable known as cassava root. The balls of cassava root are then boiled and fried with sugar until they obtain a chewy texture. Ever since its skyrocketed popularity in the last decade, bubble tea has evolved into an entire genre of drinks with a variety of flavors and toppings.





# Concentration of Kung Fu Tea Stores in the United States

# Big Players in the Bubble Tea Market



A close-up photograph of a young woman with a joyful expression, her mouth open in a smile. She is holding a pink bubble tea cup with a matching pink straw. The cup is filled with a dark liquid and large, dark bubbles. She is wearing a green, textured cardigan. The background is blurred, suggesting an outdoor setting.

# Behind the Bubble Tea Craze

Bubble tea is one of the latest trend to hit our community. People are willing to wait in long lines at the stores and pay high prices in order to get a cup of their favorite drink. While satisfying their cravings for bubble tea, some consumers would post pictures of it in their hands on social media which in turn helps to market the product and gain attention. The biggest target market for the bubble tea industry is none other than the trendy teenagers and college students. Not only the millennials, bubble tea is also popular among working adults as bubble tea stores are mostly located around business districts and commercial areas.



One of the reasons why people are obsessed with bubble tea nowadays is its unique taste. What other drinks you can find on the market that comes with ingredients to chew on? For first-time consumers, it is a sensory experience drinking it while it stimulates your sense of taste and smell. The bubble tea business also offers a variety of flavors and toppings. You can have different flavors to choose from, including taro, mango and even avocado. While bubble pearls are the most popular topping, some people may prefer to have other toppings such as lychee jelly and aloe vera. This is how the bubble tea industry has been able to attract consumers especially those who are adventurous and would



like to try a different drink everyday. In addition to that, some people are attracted to the aesthetic appeal of bubble tea. Thanks to the wide range of syrups and toppings, bubble tea makers are able to create beverages with great visual appeals.





# Is Bubble Tea Healthy?

"There is a lot of attention given to soft drinks, but it is the unlabelled products that slip under the radar."

*Bonnie Rogers*

*Functional  
Medicine Certified  
Health Coach at  
The Nutrition  
Clinic Singapore*

Bubble tea is usually made with black tea, green tea or oolong tea as the base. These teas offer health benefits as they are rich in a kind of antioxidants known as polyphenols. These antioxidants protect our bodies from cellular damage and inflammation. Teas with medicinal values such as green tea also help to soothe digestive systems. However, bubble tea may be a poor choice for those who are watching their sugar intake.



A bubble tea drink is loaded with high levels of sugar. According to a research done by professors from Pepperdine University, a 16 oz bubble tea exceeds the upper limit of added sugar intake recommended by the 2015 US DGAC. Some parents may think bubble tea is a healthier alternative to sodas for this children and this is a very huge mistake. A cup of brown sugar bubble tea contains three times more sugar than a can of soda. On average, a classic bubble tea contains 8

teaspoons of sugar which is also the recommended daily sugar intake level for adults. Flavored bubble tea containing syrups and other toppings can bring an even higher amount of sugar. Besides a high risk of obesity and diabetes, high sugar level also leads to low immunity, accelerated aging and tooth decay if not consumed moderately. You may opt to have less sugar every time you order a bubble tea drink, but this does not necessarily make it harmless.

Teaspoons  
of sugar



Classic Bubble Tea

8



Brown Sugar  
Bubble Tea

18.5



Passionfruit  
Green Tea

8.5



Avocado Tea with  
Bubbles

7.5

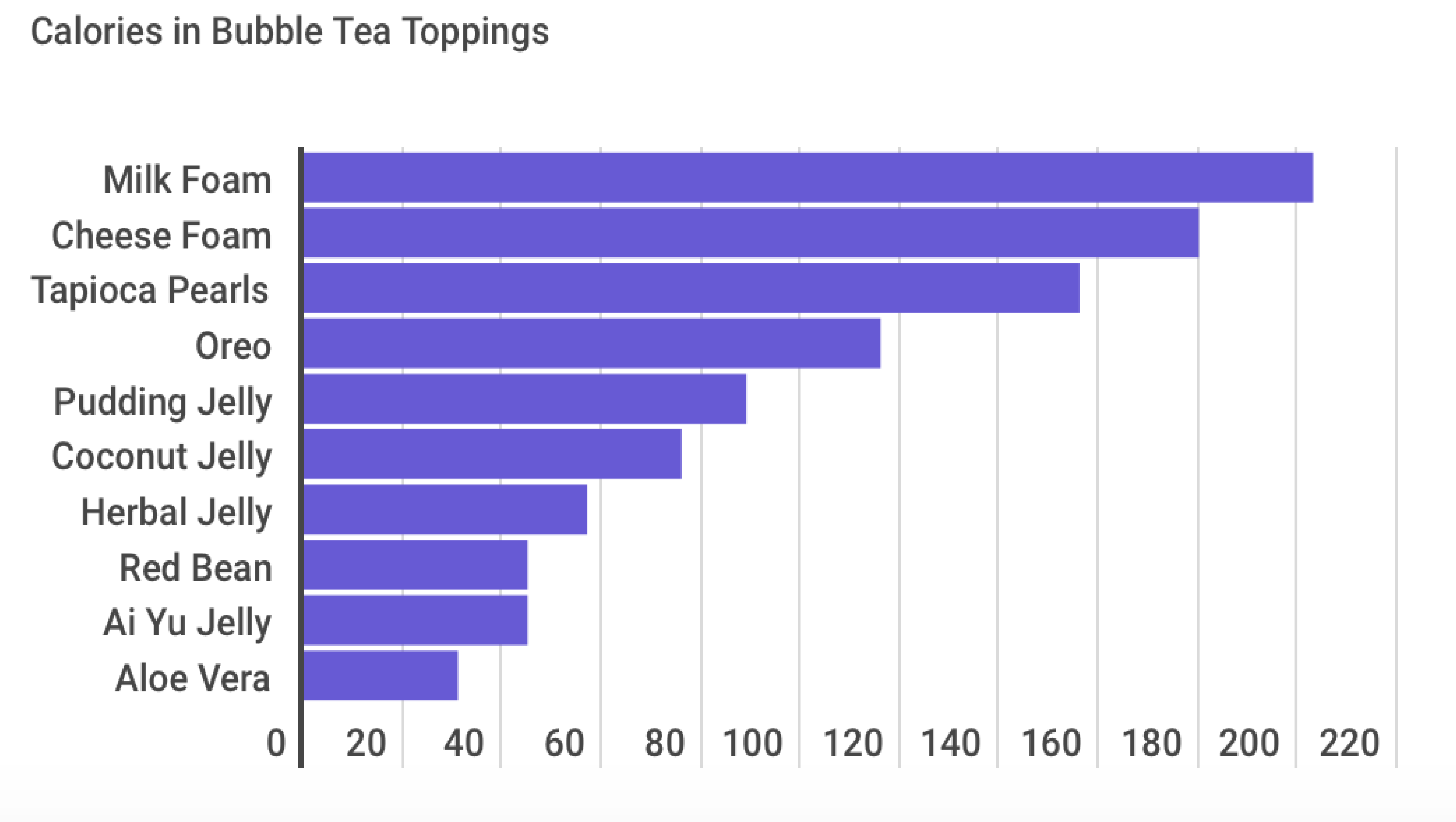


Winter Melon Tea

16



Bubble tea can make us gain weight with the high amount of calories. One cup of bubble



tea contains 375 calories on average and the bubbles represent one third of it. While the average recommended calories intake for an adult is around 1800-2000, two cups of bubble tea can take up a third of the average.

Moreover, some bubble tea products have been found to contain maleic acid which can cause kidney damage. In 2012, aspolychlorinated biphenyls (PCBs) were discovered in tapioca pearls by a group of German researchers. These additives are not approved in the food manufacturing process as they can bring adverse health effects on the endocrine, immune and nervous systems.





# Bubble Tea Economics

Based on the market research by PRNewswire, the global bubble tea market was valued at \$2013.2 million in 2018 and is expected to witness a growth of 5.1% through year 2019-2027 in terms of revenue.

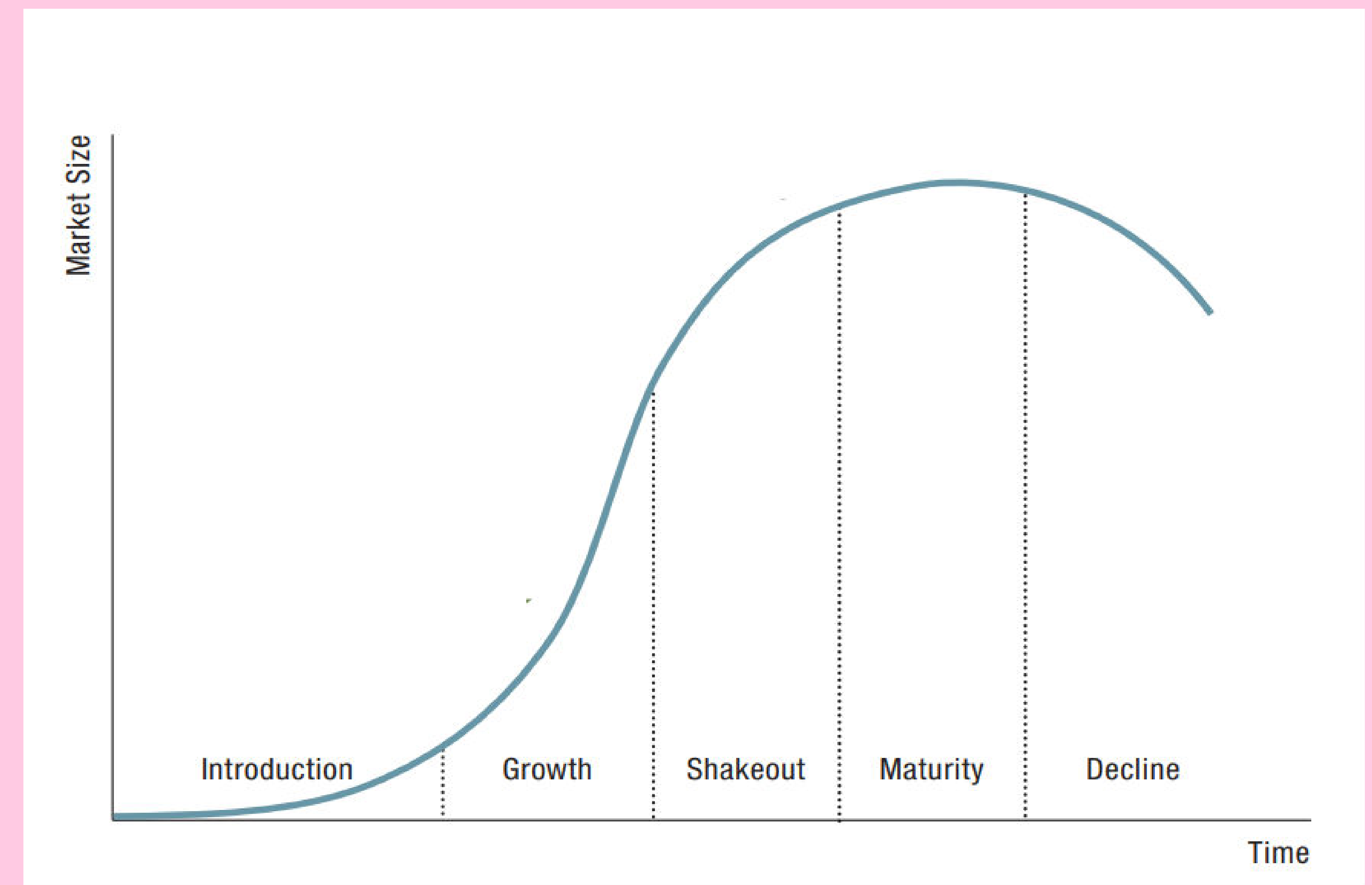


Bubble Tea giants are expected to continue business expansions which would lead to the growth of the industry. For instance, Coco Fresh from Taiwan is looking to expand into South Asia.



More and more new players are arriving into the bubble tea industry due to its profitability and low entry barriers. Whenever an innovator is successful, it will be followed by imitators. This leads to economic growth and more job opportunities. The bubble tea industry is currently at the growth stage where demand increases rapidly and the products have been accepted by the market. However, its profit potential may get lower with too many new entrants. This happens when companies lower prices to compete with others and spend more to satisfy existing customers. In Hong Kong, local bubble tea operators are facing risks that challenge their operations due to the new wave of competitors and increasing rental prices (Liu,

## Bubble Tea Industry Lifecycle



2018). As everyone is offering similar products, business owners may find it hard to achieve competitive advantage to outperform their peers and to retain market share. Reaching the shakeout stage, firms compete for market share of the shrinking bubble tea pie by cut-



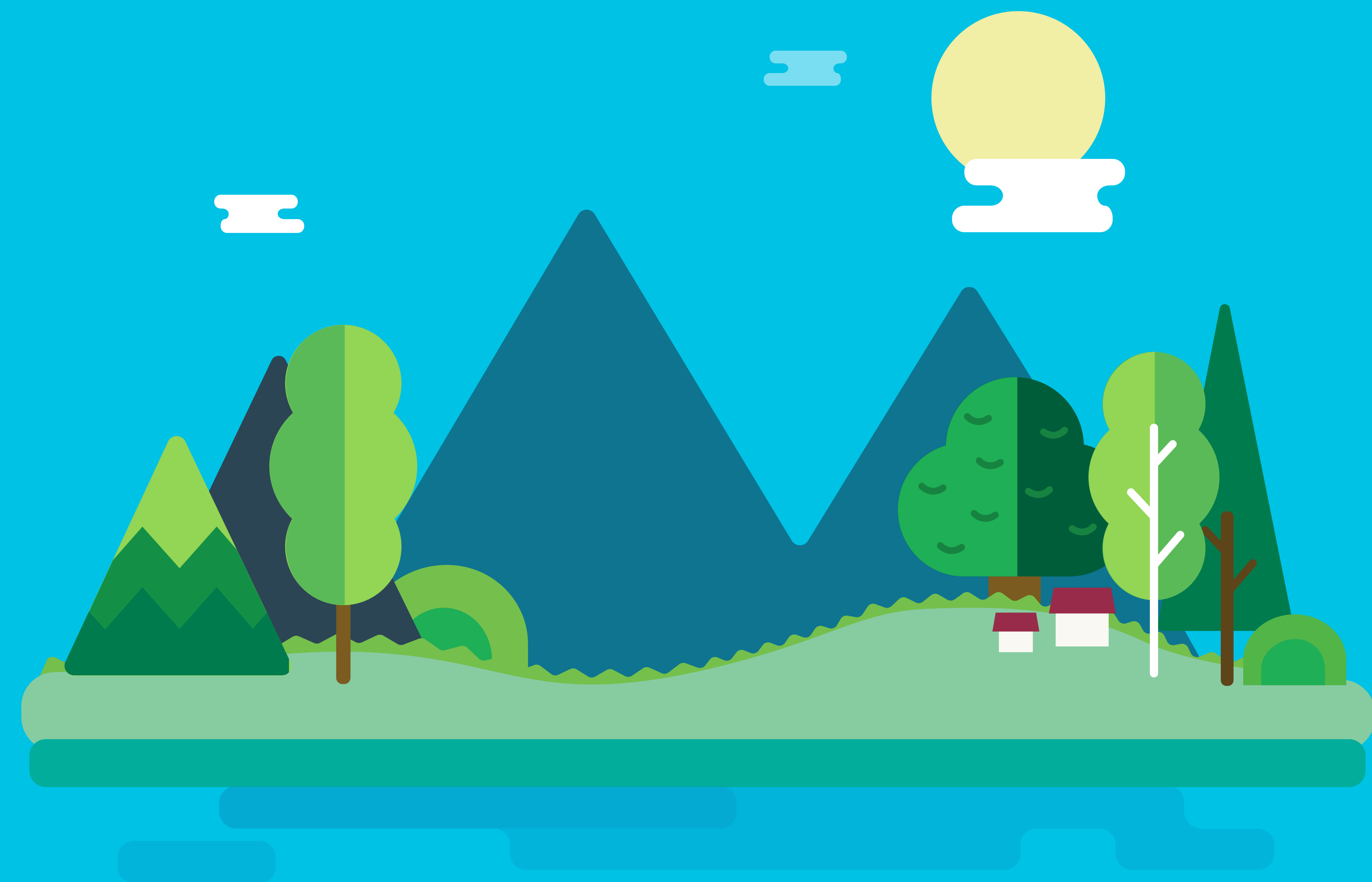
throat competition. Weaker firms will be forced out and only the strongest and reputable players are able to remain. Dr Carmelo Ferlito from the Institute for Democracy and Economic Affairs in Malaysia predicts the bubble tea economic bubble will burst when the popularity of the drink is gone (Pillai, 2019). But the market will eventually cool off and restructure its demand and supply in the end. Hence, business owners are advised to pull out from the industry soon if they do not plan to stay for the long run.

*"Those players who are more able to interpret market signals will be the successful ones."*

***Dr Carmelo Ferlito***



# Bubble Tea and The Environment



Unfortunately, the popularity of bubble tea has posed another problem, which is the littering of cups on the streets. In Harajuku, Japan, trash cans are overflowing with used bubble tea cups and some are even discarded on walkways. In addition to that, there is also a lack of places to discard them. This is clearly a hazard to the environment when more and more plastics have to be used in order to keep up with the increasing demand. In many cases, the bubble tea cups are discarded with liquid and bubbles left in them, which makes it difficult to recycle them. According to a study published in *Scientific Advances*, humans have created over 9 billion tons of plastic waste since the 1950s and only

30% of them actually gets recycled (Webster, 2019). This shows that our practice of recycling is not as great as we think. Furthermore, 300 million tons of plastic is generated every year, but 10-20 tons of it ends up in the ocean. To combat this issue, many solutions have been suggested such as banning plastic straws and bringing own tumbler to reduce the usage of single-use plastic cups.

In Harajuku, a specialized trash can for bubble tea was installed and is a refuge for leftover drinks with nowhere to go (Furutani, 2019). Consumers are able to separate the leftover liquid and plastic cup easily into two separate compartments. This ensures the cup will be properly recycled. Thanks to the new innovation, drinking bubble tea has turn into a guilt-free and environmentally conscious act.







Besides plastic cups, the straws are made of plastic as well. In the U.S., 500 million plastic straws are used every single day and as many as 8.3 billions of



them have polluted the world's beaches (Gibbens, 2019). Some places such as Taiwan and San Francisco has implemented a ban on plastic straws within the next few years. This poses a huge challenge

to the bubble tea industry as it is a drink that has to be sucked through a straw. It is usually served with bubbles or other toppings and you need a fat wide straw to suck them up from the bottom of the cup.

# Future of Bubble Tea



Bubble tea is not just a drink. It is an experience that brings people together. Even former democratic presidential candidate Hilary Clinton enjoyed it when she tried for the first time during her campaign trail in New York City. As bubble tea continues to conquer the world, more and more variations of the drink are hitting the market. One

restaurant in Vancouver came up with a new bubble tea hotpot where it is served with different kinds of milk tea as the soup base and taro-balls



as the ingredients. While in Singapore, bubble tea pancakes and bubble tea tarts are now new cravings. With these, boba might bring another hit to the world. Right now, the future of bubble tea remains unclear. Whether it is just a fad, or it will remain sustainable and continue to stay alive in the future, we shall sit down and discover it together.



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