

**FEASIBILITY STUDY OF FOOD KIOSK AT UNIVERSITY BELT OF ILOILO SCIENCE
AND TECHNOLOGY UNIVERSITY**

A Special Paper

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Background of the Study

Filipinos love to eat and they tend to spend more on food. They also prefer food that are handy and can be bought on the sidewalk. Many cannot afford to go to restaurants to have their snacks so they settle for cheaper meals but still fit their tastes. This is true for students and those on the lower social classes who stay on a budget.

Ilonggos have seen how rapidly Iloilo has changed in a span of 5 years. The development of Iloilo City gives the entrepreneurs a lot of opportunity to put up food kiosk business.

A food kiosk is a small, temporary and stationary booth used in high-traffic areas and frequently located in shopping malls or in busy city streets. It uses small space and needs only one or two staff for selling the product. One of the most common characteristics of a food kiosk is that it offers affordable food products usually in small servings. A food kiosk business is suited for those who are still starting up and have limited capital (Eldridge, 2015).

Gelo (2015) state that food kiosk business is one of the fastest course of doing and growing a business. It has become the most preferred type of business new entrepreneurs venture into because it needs only a minimal capital but has a strong earning potential. It is a more conservative approach in entering the food business than

competing immediately with the bigger and more popular food chains. As for the record, even big fast-food chains are now using food kiosks to serve as their promotional strategy for their product and to reach out to the market that is not captured by their permanent locations.

Food kiosk business is popular among all age groups with different economic classes and with different backgrounds. It is the topmost small business to start with in the Philippines and the choice of most budding entrepreneur. But since it is easy to enter the food kiosk market, there are also be many competitors. So in order to be successful and achieve sustainability in this industry, the owner should make sure that his kiosk has a focus concept and with a unique business concept. Also, it is important to sell quality product at a reasonable price to have return customers.

Iloilo City in particular is a highly urbanized and a developing city. Based on the 2010 Census of Population and Housing (CPH), the city has an annual population growth rate of 1.49 percent from 2000 to 2010 and if this rate continues, it is expected that the population will double in 47 years.

The Iloilo Science and Technology University is one of the universities located in Iloilo City and has a total population of 6,646. It is also situated near an elementary school with an estimated population of 960. The university is located in Barangay Burgos with a population of 1,920 and the neighboring barangay is Barangay San Nicolas with a population of 1,465.

With this, the researcher wants to probe how feasible it is to put up a food kiosk business along the university belt, specifically Iloilo Science and Technology University, what are the consumers' reactions in having a product in the food kiosk which is two-in-one (beverage at the bottom and chips on top) cup and whether this business in the aforementioned location will be a captured target market for consumers.

Despite the sprouting of restaurants in malls, food kiosk is still feasible because it is much cheaper and easily manageable to start with compared to a small restaurant. It does not require large spaces which means a lower monthly rent. Also, it targets a larger portion of the market since it offers cheaper food than a restaurant and the food can be prepared faster.

In order to put up a food kiosk business in the Philippines, one must have enough capital. The other things to consider are a strategic location where there is a large number of foot traffic and accessible to possible customers, a good concept with a good product and a good stall design to attract customers. One can put up a food kiosk business in two ways. An entrepreneur can create his own or get a franchise. Getting a franchise is easier but can be costly than creating one's own business since there may be franchise fees and royalties to pay every month.

The legal requirements in setting up a food kiosk business is to register first the trade name with the Department of Trade and Industry if it is a sole proprietorship or with Securities and Exchange Commission if it is owned by a corporation. Then, permits must also be secured from the barangay where the business is located and also a business permit from the municipal or city hall. Lastly, the business must be registered with the Bureau of Internal Revenue and must be able to comply with the necessary requirements and taxes that go with it.

Statement of the Problem

General

The aim of this study was to determine the feasibility of a food kiosk business along the university belt of Iloilo Science and Technology University in Iloilo City for the year 2018 to 2022.

Specific Objectives

Market Aspect

1. describe the market supply, demand and projections for the next 5 years;
2. identify the potential target market; and,
3. describe the market competition for the kiosk.

Marketing Aspect

1. determine the marketing mix strategies that could be adopted; and,
2. determine the viability of the marketing aspect.

Management Aspect

1. develop the organizational chart of the kiosk;
2. describe the selection and hiring process of the business;
3. develop the job specifications and job descriptions for the staffing requirements of the employees;
4. describe the compensation, benefits, and the work hours of the employees in accordance with the Department of Labor and Employment; and,
5. determine the viability of the management aspect.

Technical Aspect

1. describe the business model of the kiosk;
2. define the layout of the kiosk; and,
3. determine the viability of the technical aspect.

Financial Aspect

1. present the projected Financial Statements (including Statement of Comprehensive Income, Statement of Financial Position, and Statement of Cash Flows) for five years;

2. determine the net present value, payback period, internal rate of return and return of investment; and,
3. determine the viability of the financial aspect.

Legal and Taxation Aspect

1. determine the legal requirements to operate a food kiosk business;
2. determine the taxes required to operate a food kiosk business; and,
3. determine the viability of the legal and taxation aspect.

Economic Aspect

1. determine the influence of putting up a food kiosk business; and,
2. determine the viability of the economic aspect.

Environmental Aspect

1. determine the environmental concern and how it will be addressed; and,
2. determine the viability of the environmental aspect.

Research Design

The descriptive research design was utilized in this study. According to David (2005), a descriptive research is a type of study that finds answers to the questions who, what, where and how. It describes a situation or a given state of affairs in terms of specified aspects or factors. What maybe described are characteristics of individuals or groups or physical environment or conditions.

This study determined the feasibility of putting up a new food kiosk business venture at Iloilo Science and Technology University belt. Due to the inability to study all the target customers in the area, a sample was selected to represent the whole population.

Respondents of the Study

The target population are students, faculty and staff, residents and tourists that may pass by the area. The people within the area and those who are willing to participate in the study were given the questionnaires.

A non-probability sample was drawn conveniently through accidental sampling in which those who passed by the area were stopped and asked to answer the questionnaires. The survey lasted for 2 weeks and the total questionnaires given were 364.

Research Instrument

The data in this study were gathered using a researcher-made questionnaire as a research instrument. The demand for food kiosk facilities and customers' preferences were answered by the chosen respondents.

The questionnaires were given to the respondents to gather the data needed for the study. The questionnaire was divided into two parts. Part 1 was used to gather the profile of the respondents in terms of age, educational background, work experience, and the company industry. Part 2 was the main questionnaire on the respondents' responses as to their preferences.

Data Gathering Procedure

Before carrying out the study, the letter asking for permission to conduct the study has been signed by the adviser and noted by the head and the dean of the Graduate School of Central Philippine University. Upon approval, the questionnaires were personally distributed to the respondents of the study. Consent was obtained from the respondents beforehand and confidentiality was observed throughout the data gathering procedure.

A total of 364 questionnaires were given using the accidental sampling technique. For the duration of the survey which lasted for 2 weeks, those who passed by the area and those who were willing to answer were the respondents of this study.

Content Validity of the Instrument

Content validity was undertaken to ascertain whether the content of the questionnaire was appropriate and relevant to the study purpose (Parsian and Dunning, 2009).

The questionnaire was subjected to validation with a pool of at least three experts in the area of study. The questionnaires had been tested to assure that it was aligned with the relevant subject matter it intended to assess.

Reliability of the Instrument

Reliability refers to the ability of a questionnaire to consistently measure an attribute and how well the items fit together, conceptually (Haladyna 1999; DeVon et al. 2007). Measurements are reliable to the extent that they are repeatable and that any random influence which tends to make measurements different from occasion to occasion or circumstance to circumstance is a source of measurement error.

The questionnaires underwent through pilot testing to check the consistency or reliability of the instrument used. It was given out to respondents different from the one used in the actual gathering of data. This helped point out problems with the questionnaires regarding the instructions and other items that were not clear.

The data were encoded in the SPSS and were analyzed using the Cronbach's alpha. The result is an alpha of 0.9. The commonly accepted rule of thumb is that an alpha of 0.8 or higher shows good reliability. So we can conclude that the research instrument that we used during the survey is reliable.

Data Presentation and Analysis

The data collected was analyzed using quantitative analysis methods. Categorical data group all units into distinct categories which can be summarized by determining how many times a category occurs. A frequency table was used to summarize the information. The frequency table showed how many participants will fall into each category.

The gathered and processed data were used to project the feasibility of the food kiosk business with their respective preferences. The study was presented to six (6) panelists.

In conclusion, based on the study conducted, it is feasible to put up a food kiosk business along the university belt of Iloilo Science and Technology University.

Market Aspect

The food industry is a very competitive one where each business should offer something unique or take advantage of the prices in order to survive. For Blast Cups, there are already existing competitors within the area which offer cheaper food products. There are also businesses that sell food which may not be the same as that of Blast Cups but may be considered substitute and these businesses are indirect competitors of the business.

The target market of the business is the students, faculty, staff, and those that pass by the university. This type of market is mostly composed of students, and they are considered low income earners.

Based on the market analysis, the market aspect of the study is not viable because of stiff competition and lesser market demand.

Marketing Aspect

Based on the survey and study conducted, since the market of the business is low income earners, the product should also be simple. But the business will give importance on the taste of the product since it is rank first on the preferences of the respondents of the study. The price should also be in line with the income of the target market. The product is affordable and add up only a minimal margin on cost. The place of the business is located outside the university where the students mostly pass by. The promotion strategy of the business is to take advantage of the social media to reach out to a higher number of potential customers since most of the target market belongs to the millennials. And lastly, the packaging of the product is made sure that it is convenient for the customer so it came up with a two-in-one food and drink snack. Also, the logo is created to attract more customers and to symbolize what the product can offer.

The marketing aspect is viable because of the strategies that will be used. The product is unique and has an attractive packaging which will differentiate it from its competitors.

Management Aspect

The organizational chart of the business will start with the owner or manager at the top, and the bookkeeper and the service crew/cashier under the owner.

The employees will be selected based on the qualifications and the requirements for each job. The owner will be the one to select the most qualified for the position and they will undergo trainings before they will be put to work.

The owner/manager of the business has already an experience in food business. She will be tasked to lead the business and manage the operation. The bookkeeper must have an experience in accounting and bookkeeping and will be assigned to record

the daily transactions of the business. The service crew/cashier must have a good communication skills and is tasked to serve the customers.

The manager will be earning P10,000 per month on the first year and is expected to have a salary increase in the next years. The two employees will be paid based on the minimum wage in Iloilo City. All of them will be entitled to the benefits mandated by law which includes SSS, PhilHealth, and Pag-ibig and will be given their 13th month pay in December.

The management aspect is viable since it employs enough number of staff to operate the business with a lesser personnel cost based on the minimum wage in Iloilo City.

Technical Aspect

The business model of the business is that it will take the form of a food kiosk. The product that it will be selling is a two-in-one food snack.

The layout of the food kiosk is designed so the crew can serve the customers effectively and efficiently. The fryers will be places near the window so the customers can see how the food is prepared.

The technical aspect is viable since the layout of the kiosk is designed for an efficient operation. The raw materials will also be purchased with a lesser cost and the inventories will be stocked sufficient enough for the needs of the operation but not much to entail higher storage cost.

Financial Aspect

The financial aspect is not viable because the business incurred a loss for the first and third year of its operation. The payback period is also longer than 5 years which means that recovering the initial investment is very slow. The business also has a

negative net present value and a profitability index of less than 1 which means that the project should not be accepted.

Legal and Taxation Aspect

The business will be subjected to the different government laws and regulations. Before the start of the operation, the business is required to register with the different agencies, which includes the Department of Trade and Industry, the Mayor's Office of Iloilo City, and the Bureau of Internal Revenue. It will also be registered as an employer with Social Security System, Philippine Health Insurance Corporation, and Home Development Mutual Fund.

The business will also be paying different taxes from the start of its operation. It is required to pay license fees to DTI and the Mayor's Office. It is also subject to income tax payments to BIR and is required to remit withholding taxes (if any), and value added tax.

The legal and taxation aspect is viable since it is compliant with the requirements of the agencies and pay the required taxes for a business.

Economic Aspect

The business will have an impact on the generation of job opportunities with the community and also paying of taxes to the government.

The economic aspect is viable since it has an influence on the community nearby and the society as a whole.

Environmental Aspect

The cups used by the business is made up of paper which is biodegradable so it will not harm the environment. The garbage will also be properly disposed to avoid possible health risks.

The environmental aspect is viable since it follows a standard disposal procedure so not to harm the environment.

In conclusion, the study is not feasible because of a lower market demand and high competition within the area. It can be seen on the results of the survey conducted and the financial projections made.

As a recommendation, future researchers may study the same business model and product on a different location most especially in a mall or somewhere near a movie theater. We believe that the product has a potential in a market since it offers something new and give importance on the convenience of the consumers. Given a different location with a different set of competitors and target market, the business may be feasible.