

What accounts for the difference in price of bubble teas in Bangkok?

The paper tries to answer the pricing practice of bubble teas in Bangkok and analyse the reason behind the strategy. Why different brands can charge various prices for a glass of bubble tea. The methods used to analyze are SCP framework and surveys of 230 samples. The result indicates that product differentiation has affected prices differently due to the types of bubble tea market. Moreover, the strategies are different for each type because each brand has a different level of market power.

In my opinion, the questions are interesting since bubble tea is very popular nowadays, and the price of bubble tea that we pay is as high as the price for one meal that we could eat. In this finding, the researcher applies SCP paradigm to explain the relationship between market structure, market conduct, and market performance. In addition, this paper also uses Salop's circular model to extend the understanding of product differentiation. The method adopted to answer the research question is appropriate since from the SCP model, structure can determine the character and competitiveness of the market. While conduct impacted by market structure can be determined by pricing strategies, quality choice, R&D, as well as franchise. The last element which is performance indicates market power or ability to set the price. The result is convincing. This is because brands have different strategies to compete in the market. Some brands try to differentiate their products as much as possible to gain market power, others use a quality strategy to gain market power which they serve as premium tea.