Bubble tea shop Business Plan: A Proven Sample for US Entrepreneurs

ChaiWave Bubble Tea Co. (LLC), founded March 2024 in Austin, TX. Founder Mei Lin Chen scaled operations at Tea Haven chain to $2.1M revenue in 3 years. We sell premium bubble tea at $6.80 average price point targeting $480K Year 1 revenue with 75% gross margin. Plan dated October 2024.

SECTION 1: EXECUTIVE SUMMARY

US bubble tea consumers spend $3.2B annually (IBISWorld 2023), but 68% avoid brands with unsustainable packaging (Nielsen 2023). ChaiWave solves this with compostable packaging and hyper-local sourcing while maintaining 75% gross margins. We capture Austin's 18-35 demographic (1.2M people) through mobile ordering (42% Gen Z preference per McKinsey) and functional ingredients (55% seek health benefits).

We charge $5.50-$7.50 per drink (15% premium vs Kung Fu Tea) with 25% COGS. Year 1 revenue: $480K from 70,588 transactions ($6.80 average ticket). Gross profit: $360K. Fixed costs: $214,800/year. Break-even at 3,518 drinks/month ($24,000 revenue) by Month 14. Net margin: 21.9% Year 1, scaling to 29.4% Year 3.

We seek $250,000: $150,000 angel (10% equity), $100,000 SBA loan (6.5%, 7-year term). Funds deploy as: 35% buildout ($87,500), 26% equipment ($65,000), 12% inventory ($30,000), 14% marketing ($35,000), 13% working capital ($32,500). This funds 14-month path to profitability and 125,000 annual transactions by Year 3.

SECTION 2: COMPANY OVERVIEW

Texas LLC formed March 2024. Leased 1,200 sq. ft. in East Austin mixed-use development (1800 E. 6th St.) with $3,000/month rent (5-year term). Chose Austin due to 32.7% population growth since 2010 (US Census) and 18-35 demographic concentration (41% of city). Ownership: Chen (60%), Reyes (30%), Austin Food Ventures (10%).

Mei Lin Chen (CEO): Drove 22% revenue growth at Tea Haven chain (2020-2023), managing 8 locations with $14.2M total revenue. Jordan Reyes (COO): Reduced labor costs 18% at Smoothie King franchises through scheduling AI (2021-2023).

Date	Milestone	Status	Next Steps
Mar 2024	LLC formation	Complete	N/A
Apr 2024	Lease signed	Complete	N/A
May 2024	SBA loan application	In process	Submit financials by 5/30
Jun 2024	Buildout completion	Planned	Finalize contractor bids
Jul 15, 2024	Grand opening	Planned	Hire 8 staff by 6/30
Aug 2024	Mobile app launch	Planned	Complete beta testing
Sept 2024	First corporate account	Planned	Close 2 tech firm contracts
Sept 2025	Break-even achieved	Planned	Maintain 3,518 drinks/month

SECTION 3: MARKET ANALYSIS

TAM: $3.2B (US bubble tea, IBISWorld 2023). SAM: $180M (Texas market, 5.6% of TAM). SOM: $1.8M (Austin, 1% of local specialty beverage spend). Calculation: Austin spends $180M annually on tea/coffee alternatives (Statista 2023); 10% allocated to bubble tea = $18M; ChaiWave targets 10% share of premium segment ($1.8M).

Primary customers: 18-35 year olds earning $65K-$95K (62% of Austin population). 78% order via mobile apps weekly (McKinsey). Budget: $25-$40/week on beverages. Secondary: 36-50 year olds spending $18-$30/week seeking low-sugar options (55% growth since 2021, Beverage Marketing Corp).

Key trends: 1) Sustainable packaging demand up 22% YoY (68% consumers pay 10% premium, Nielsen). 2) Functional ingredients (probiotics, adaptogens) growing at 15.3% CAGR (Grand View Research). 3) Mobile ordering penetration at 42% for Gen Z (McKinsey).

Segment	Size ($)	Growth Rate	Our Share Target	Rationale
UT Austin students	420,000	8.2%	15%	3 miles from campus; student discount program
Tech professionals	680,000	12.1%	12%	Proximity to 12 tech firms; corporate delivery
Health-conscious	520,000	15.3%	10%	Functional ingredient line; low-sugar options
Tourists	180,000	5.4%	5%	East Austin location; event partnerships

Category	Total Addressable	Serviceable Available	Serviceable Obtainable	Methodology
US bubble tea	3,200,000,000	180,000,000	1,800,000	TAM: IBISWorld 2023; SAM: Texas population x US avg spend; SOM: Austin specialty beverage spend x 10% share

SECTION 4: COMPETITIVE ANALYSIS

Direct competitors: Kung Fu Tea (3 Austin locations, $1.2M revenue/location), Coco Fresh Tea (5 locations, $950K/location), Boba Guys (1 location, $1.5M revenue). All use standardized menus with national suppliers. Kung Fu Tea's COGS is 30% (QSR Magazine 2023) due to frozen pearls; Coco Fresh Tea spends 8% of revenue on marketing (Franchise Disclosure Docs).

ChaiWave's advantages: 1) 25% COGS vs competitors' 30% through in-house pearl production (saves $0.25/drink). 2) 10% higher repeat rate via app loyalty program (projected 30% repeat customers vs industry 20%). 3) Zero-waste operations reduce packaging costs 12% vs competitors using compostable materials.

Competitor	Revenue Est.	Pricing	Key Strength	Key Weakness	Our Differentiation
Kung Fu Tea	1,200,000	$5.25 avg	Brand recognition	30% COGS; no local sourcing	25% COGS; Texas honey/dairy
Coco Fresh	950,000	$4.95 avg	Low price	Plastic cups; 35% churn	Compostable; 20% churn target
Boba Guys	1,500,000	$6.50 avg	Digital presence	CA-focused; limited health options	Texas sourcing; functional line
Starbucks	2,100,000/store	$4.75 avg	Foot traffic	15% boba penetration	Dedicated boba expertise
Local juice bars	320,000	$7.00 avg	Health focus	No boba expertise	Probiotic boba line

Strengths	Weaknesses	Opportunities	Threats
25% COGS (industry 30%)	New brand awareness	Corporate delivery contracts	Rent increases (5% annual)
Zero-waste cost savings	Limited initial locations	Functional ingredient trend	Copycat competitors
30% repeat customer target	Dependent on app adoption	Texas expansion (DFW $65M SAM)	Tea import tariffs
Local sourcing partnerships	Seasonal demand fluctuations	Franchise model by 2026	Health regulations on sugar

SECTION 5: PRODUCTS & SERVICES

We serve 12 core drinks with 4 seasonal rotations. Each drink uses organic tea leaves (Taiwan/Hawaii), in-house cooked tapioca pearls (non-GMO cassava), and Texas-sourced dairy/honey. Customization: 4 sugar levels, 3 ice options, 4 milk alternatives. All drinks prepared in <3 minutes via standardized recipes.

Pricing averages $6.80 (15% premium vs Kung Fu Tea's $5.90). Justified by $0.75 local dairy premium and $0.50 compostable packaging cost. Gross margin: 75% ($1.70 variable cost per drink). Bundles: "Workweek Combo" ($28 for 5 drinks) targets corporate clients with 22% margin.

Tier	Price	Features	Target Customer	Expected % Revenue	Gross Margin
Classic Milk Tea	5.50	Tapioca, milk, tea	Price-sensitive	35%	78%
Premium Fruit Tea	6.50	Fresh fruit, popping boba	Gen Z	30%	74%
Health-Forward	7.00	Collagen, probiotics	36-50 age group	25%	72%
Seasonal Special	7.50	Limited ingredients	All segments	10%	70%

Metric	Value	Calculation/Notes
Price per unit	6.80	Weighted average of all drinks
COGS per unit	1.70	Tea: $0.35; Milk: $0.45; Toppings: $0.60; Cup: $0.30
Gross Profit per unit	5.10	$6.80 - $1.70
Gross Margin %	75%	$5.10 / $6.80
CAC	4.00	$36,000 marketing / 9,000 customers
LTV	30.60	($6.80 x 0.75 x 0.30 repeat rate) / 0.05 monthly churn

LTV:CAC	7.65	$30.60 / $4.00
Payback Period	0.8 months	$4.00 CAC / ($5.10 x 0.30 repeat rate)

SECTION 6: MARKETING & SALES

Customer acquisition via: 1) Google Ads ($2,000/month): CPC $2.40, CTR 3.2%, conversion 4.1% -> 145 leads/month ($13.79 CAC). 2) Instagram/TikTok ($1,500/month): 8 local influencers @ $187.50/post -> 120 leads/month ($12.50 CAC). 3) Corporate sales: 2 sales calls/day @ 25% close rate -> 5 accounts/month.

Sales cycle: Awareness (social ads) -> Consideration (app download $2 off) -> Conversion (geofenced 10% promo within 0.5 miles) -> Retention (loyalty program). Conversion rate: 28% app downloads -> purchase. Sales cycle: 7 days average.

Retention: ChaiWave Rewards app (10% discount at 100 points). Target 20% monthly churn (industry 25%). "Boba Club" membership ($9.99/month) drives $25 expansion revenue per member. Email marketing: 35% open rate, 8% click-through.

Channel	Monthly Budget	Expected CAC	Expected Leads/Month	Conversion Rate	Expected Customers/Month	ROI
Google Ads	2,000	13.79	145	28%	41	2.7x
Social Media	1,500	12.50	120	28%	34	3.1x
Corporate Sales	800	160.00	5	100%	5	4.2x
Referral Program	500	8.33	60	50%	30	6.1x
Total	4,800	4.00	325	30.8%	110	4.3x

Month	Google Ads	Social Media	Content/SEO	Events	Other	Total	Expected Leads	Expected Customers
1	2,000	1,500	500	5,000	1,000	10,000	650	202
2	2,000	1,500	500	2,000	500	6,500	485	149
3	2,000	1,500	500	1,000	500	5,500	410	126
4-12	2,000	1,500	500	500	300	4,800	325	110

SECTION 7: OPERATIONS

Daily workflow: 5:00 AM - ingredient prep (2 staff); 9:00 AM - store setup; 10:00 AM - 10:00 PM - service (2 baristas per shift); 11:00 PM - closing. Capacity: 120 drinks/hour (4 stations x 30 drinks). Peak hours (2-5 PM) handle 90 customers/hour. Inventory tracked daily via Upserve; automatic reorders at 20% stock threshold.

Key suppliers: Taiwan Tea Import Co. (tea, $1,200/month, net 30 terms), Austin Creamery (dairy, $800/month, weekly delivery). Tech stack: Toast POS ($99/month), HubSpot CRM ($450/month), custom app ($2,500/month AWS).

Vendor/Supplier	Service	Monthly Cost	Contract Terms	Backup Option
Taiwan Tea Import Co.	Tea leaves	1,200	Net 30	Hawaii Tea Co.
Austin Creamery	Organic dairy	800	Weekly delivery	Silky Cow Dairy
Johnson's Organic Farm	Produce	600	Biweekly	Deep Roots Farm
EcoProducts	Packaging	750	Net 15	Green Paper Products

Tool	Purpose	Monthly Cost	Users	Alternatives Considered
Toast POS	Orders, inventory	99	8	Square
HubSpot	CRM, email	450	3	Mailchimp
Upserve	Inventory mgmt	120	2	MarketMan
AWS	App hosting	2,500	Dev team	Google Cloud

SECTION 8: MANAGEMENT TEAM

Structure: CEO (1), COO (1), 2 shift supervisors, 6 baristas, 1 prep cook. Salaries: Shift supervisors $38,000/year, baristas $23,400/year (30 hrs/wk x $15/hr). Compensation philosophy: 10% above Austin food service median (BLS May 2023).

Advisory board: Sarah Kim (ex-CFO Gong Cha USA), David Torres (supply chain VP at Whole Foods Texas). Compensation: $500/month stipend + 0.25% equity vesting over 2 years.

Month	Role	Salary	Priority	Source	Onboarding Time
5	Shift Supervisor	38,000	High	Indeed	2 weeks
5	Shift Supervisor	38,000	High	Indeed	2 weeks
6	Barista	23,400	High	Craigslist	1 week
6	Barista	23,400	High	Craigslist	1 week
6	Barista	23,400	Medium	Craigslist	1 week
6	Barista	23,400	Medium	Craigslist	1 week
6	Barista	23,400	Low	Craigslist	1 week
6	Barista	23,400	Low	Craigslist	1 week
6	Prep Cook	32,000	High	Snagajob	2 weeks

SECTION 9: FINANCIAL PLAN

Key assumptions: Month 1 revenue: $20,000. Monthly growth: $2,500 until Month 12 ($40,000). Transaction growth: 588 Month 1 -> 3,333 Month 12. Avg ticket: $6.80 constant. COGS: 25% of revenue. Monthly churn: 5%. CAC: $4.00. Fixed costs: $17,900/month.

Revenue from drink sales (90% of total), add-ons (7%), and Boba Club ($9.99/month x 50 members Month 1 -> 500 Month 12). Growth drivers: Corporate contracts (target 10 by Year 1), app adoption (target 40% of orders by Month 6).

Cost structure: 65% fixed costs (rent, salaries, software), 35% variable (COGS, marketing). Fixed costs grow 3% annually. Variable costs scale linearly with revenue. Labor: 35% of revenue Year 1 -> 30% Year 3 through scheduling efficiency.

Funding: $250,000 covers $220,000 startup costs + $30,000 working capital. Runway: 8 months post-launch. Milestones: Break-even (Month 14), 10 corporate accounts (Month 9), app adoption 40% (Month 6).

Category	Item	Cost	Notes
Legal/Formation	LLC filing	500	Texas SOS fee
Licenses/Permits	Health dept	2,500	Austin Public Health
Equipment	Boba cookers (2)	8,000	Franke brand
Equipment	Refrigeration	12,000	Beverage Air
Equipment	POS hardware	5,000	Toast terminals
Technology	App development	25,000	React Native
Initial Inventory	Tea/Ingredients	10,000	30-day supply

Initial Inventory	Packaging	5,000	Compos stock
Marketing Launch	Grand opening	5,000	Event costs
Marketing Launch	Influencer campaign	10,000	10 creators
Working Capital	3 months OpEx	30,000	$10,000/
Insurance	General liability	3,000	Annual premium
Professional Fees	Accounting setup	4,000	QuickBo config
Website	Development	5,000	SEO-opt
Branding	Logo/packaging	5,000	Local designer
Contingency	10% buffer	20,000	Unplann costs
Total		220,000	

Category	T	Monthly Cost	Annual Cost	Notes
Rent	Fixed	3,000	36,000	1,200 sq. ft.
Salaries	Fixed	12,000	144,000	6 FTEs @ $2,000 avg

Benefits	Fixed	1,200	14,400	10% of payroll
Insurance	Fixed	500	6,000	Liability + property
Software	Fixed	3,169	38,028	POS, CRM, app hosting
Utilities	Fixed	600	7,200	Electric, water, gas
Marketing	Fixed	4,800	57,600	Per Section 6 table
COGS	Variable	10,000	120,000	25% of $480K revenue
Loan Payment	Fixed	1,208	14,500	$100k SBA loan @ 6.5%
Professional Services	Fixed	500	6,000	Accountin
Supplies	Variable	1,000	12,000	Cleaning napkins
Maintenance	Fixed	417	5,000	Equipme servicing
Total Fixed		17,900	214,800	
Total Variable		11,000	132,000	
Combined		28,900	346,800	

Line Item	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Year 1 Total
Revenue	20,000	22,500	25,000	27,500	30,000	32,500	35,000	37,500	40,000	42,500	45,000	47,500	480,000

COGS	5,000	5,625	6,250	6,875	7,500	8,125	8,750	9,375	10,000	10,625	11,250	11,875	120,000
Gross Profit	15,000	16,875	18,750	20,625	22,500	24,375	26,250	28,125	30,000	31,875	33,750	35,625	360,000
Marketing	10,000	6,500	5,500	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	57,600
Salaries	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	144,000
Rent	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
Software	3,169	3,169	3,169	3,169	3,169	3,169	3,169	3,169	3,169	3,169	3,169	3,169	38,028
Other OpEx	3,731	3,731	3,731	3,731	3,731	3,731	3,731	3,731	3,731	3,731	3,731	3,731	44,772
Total OpEx	31,900	28,400	27,660	26,700	26,700	26,700	26,700	26,700	26,700	26,700	26,700	26,700	320,400
EBITDA	-16,900	-11,525	-8,910	-6,075	-4,200	-2,325	-450	1,425	3,300	5,175	7,050	8,925	39,600
Depreciation	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	20,000
EBIT	-18,567	-13,192	-10,577	-7,742	-5,867	-3,992	-2,117	-242	1,633	3,508	5,383	7,258	19,600
Interest	542	537	532	527	522	517	512	507	502	497	492	487	6,167
Taxes	0	0	0	0	0	0	0	0	283	751	1,218	1,685	3,633
Net Income	-19,109	-13,729	-11,109	-8,269	-6,389	-4,509	-2,629	-749	848	2,260	3,673	5,086	105,000

Line Item	**M1**	**M2**	**M3**	**M4**	**M5**	**M6**	**M7**	**M8**	**M9**	**M10**	**M11**	**M12**
Beginning Cash	250,000	230,891	217,162	206,053	197,784	191,395	186,886	184,257	183,508	184,356	186,616	190,289
Cash In	20,000	22,500	25,000	27,500	30,000	32,500	35,000	37,500	40,000	42,500	45,000	47,500
Total Cash In	20,000	22,500	25,000	27,500	30,000	32,500	35,000	37,500	40,000	42,500	45,000	47,500
Cash Out	39,109	36,229	36,109	35,769	36,389	37,009	37,629	38,249	39,152	40,240	41,327	42,414
Total Cash Out	39,109	36,229	36,109	35,769	36,389	37,009	37,629	38,249	39,152	40,240	41,327	42,414
Net Cash Flow	-19,109	-13,729	-11,109	-8,269	-6,389	-4,509	-2,629	-749	848	2,260	3,673	5,086
Ending Cash	230,891	217,162	206,053	197,784	191,395	186,886	184,257	183,508	184,356	186,616	190,289	195,375

Metric	**Y1**	**Y2 Q1**	**Y2 Q2**	**Y2 Q3**	**Y2 Q4**	**Y3 Q1**	**Y3 Q2**	**Y3 Q3**	**Y3 Q4**	**Y3 Total**
Revenue	480,000	187,500	206,250	225,000	256,250	234,375	257,813	283,594	321,211	850,000

COGS	120,000	46,875	51,563	56,250	64,063	58,594	64,453	70,898	80,303	212,500
Gross Profit	360,000	140,625	154,687	168,750	192,187	175,781	193,360	212,696	240,908	637,500
OpEx	320,400	132,000	136,000	140,000	144,000	148,000	152,000	156,000	160,000	596,000
EBITDA	39,600	8,625	18,687	28,750	48,187	27,781	41,360	56,696	80,908	41,500
Net Income	105,000	15,000	32,000	49,000	82,000	47,000	70,000	95,000	137,000	250,000
Ending Cash	195,375	165,375	197,375	246,375	328,375	375,375	445,375	540,375	677,375	677,375

Metric	Value	Calculation
Monthly Fixed Costs	17,900	Per OpEx table
Variable Cost per Unit	1.70	COGS per drink
Price per Unit	6.80	Average ticket
Contribution Margin per Unit	5.10	\$6.80 - \$1.70
Contribution Margin %	75%	\$5.10 / \$6.80
Break-Even Units per Month	3,518	\$17,900 / \$5.10
Break-Even Revenue per Month	24,000	3,518 x \$6.80
Expected Break-Even Month	14	Projection shows positive net income Month 9
Safety Margin	15%	(40,000 - 24,000) / 40,000 Month 12 revenue

Metric	Y1	Y2	Y3	Industry Benchmark
Gross Margin %	75%	75%	75%	65-75%

Operating Margin %	8.2%	19.1%	25.9%	10-15%
Net Profit Margin %	21.9%	26.7%	29.4%	15-20%
Current Ratio	1.8	2.1	2.5	1.5-2.0
CAC Payback Period	0.8	0.7	0.6	6-12 months
LTV:CAC Ratio	7.65	8.10	8.55	3.0+
Monthly Burn Rate	16,000	0	0	N/A
Runway	8 months	N/A	N/A	6+ months

SECTION 10: RISK ANALYSIS

Top risks: 1) Supply chain disruption (Probability 4/5, Impact 5/5). Tea import delays could halt 70% of production. 2) Staff turnover (Probability 5/5, Impact 4/5). Austin food service turnover at 75% (BLS). 3) Rent increase (Probability 3/5, Impact 4/5). Landlord may raise rent 5% annually after Year 1. 4) Copycat competitors (Probability 4/5, Impact 3/5). Local cafes adding boba lines.

Mitigation: 1) Dual-source tea from Hawaii (3-month safety stock). 2) $17/hr wage (13% above market) + $500 referral bonus. 3) 5-year fixed lease with 3% annual cap. 4) Trademark seasonal recipes; file provisional patents on functional ingredients.

Risk	Probability	Impact	Risk Score	Mitigation Strategy	Contingency Plan	Owner
Tea import delays	4	5	20	Dual sourcing; 3-month inventory buffer	Switch to Hawaii supplier within 72 hours	Reyes
Staff turnover >70%	5	4	20	$17/hr wage; performance bonuses	Cross-train all staff; temp agency contract	Chen
Rent increase >5%	3	4	12	5-year fixed lease with 3% cap	Negotiate CAM fee audit clause	Chen
Copycat competitors	4	3	12	Trademark seasonal recipes	Launch exclusive app flavors monthly	Reyes
Health violation	2	5	10	Daily HACCP logs; third-party audits	Immediate store closure protocol	Chen
App adoption <30%	3	4	12	Geofenced app discounts	Partner with Uber Eats for delivery	Reyes
Sugar regulation	2	3	6	Expand low-sugar line to 40% of menu	Lobby via Texas Restaurant Assoc.	Chen
Corporate contract loss	1	4	4	Minimum 6-month contracts	Target 15 accounts to offset 2 losses	Reyes

SECTION 11: IMPLEMENTATION TIMELINE

Critical path: Buildout completion (Jun 30) -> Staff hiring (Jun 1-15) -> Grand opening (Jul 15). Dependencies: SBA loan approval (May 30) enables buildout start. Key priority: Achieve 40% app adoption by Month 6 through $2-off app download promo.

Month	Milestone	Deliverables	Resources Needed	Success Metric	Owner
5	SBA loan approval	Loan docs signed	$100k commitment letter	Funds wired by 5/30	Chen
5	Buildout start	Permits secured	$87,500 capital	Inspection passed	Reyes
6	Staff hiring complete	8 staff trained	$15k payroll reserve	All positions filled	Chen
6	App beta launch	Tested iOS/Android	$5k dev budget	95% bug-free	Reyes
7	Grand opening	1,000+ visitors	$5k event budget	$8,000 revenue day	Chen
7	First corporate contract	Signed agreement	2 sales calls/day	$1,200 monthly revenue	Reyes
8	App adoption 25%	Geofenced promo	$1k marketing spend	25% of orders via app	Reyes
9	10 corporate accounts	10 signed contracts	Sales team focus	$12,000 monthly revenue	Reyes
10	Break-even revenue	$24,000 monthly	Cost control	Positive net income	Chen
11	App adoption 40%	Push notification campaign	$500 marketing spend	40% of orders via app	Reyes
12	Year 1 revenue target	$480,000 achieved	Monthly growth plan	$40,000 Month 12 revenue	Chen
14	Break-even net income	Positive EBIT	Maintain 3,518 drinks/month	$848 net income Month 9	Chen

SECTION 12: APPENDIX

Supporting documents: SBA loan term sheet, lease agreement, supplier contracts, and full 36-month financial model available upon request. All assumptions validated against Texas Restaurant Association benchmarks and IBISWorld industry reports.