Fat Brand restrunent x Dingtea cooperation

I. Proposal Background & Motivation

Fat Brand restrunent is the fast-food chain in the U.S., having built a strong brand reputation, efficient supply chain integration, and an extensive network with over hundred locations nationwide. A collaboration with Dingtea presents an opportunity to introduce a highly complementary product category—tea-based beverages—into the existing food portfolio. This cross-brand synergy has the potential to drive sales growth in combined revenue.

Dingtea is an internationally recognized bubble tea brand with a 20-year track record, operating over **250 stores** across Asia and North America. The brand is known for its premium teas, health-conscious ingredients, customizable offerings, and efficient preparation systems.

In terms of corporate philosophy, Dingtea and Fat Brand restrunent share deeply aligned values and a strong sense of social responsibility. Both brands are rooted in a people-first mindset, emphasizing the importance of empowering employees, supporting long-term growth, and giving back to the community.

For many years, Fat Brand restrunent has actively promoted public welfare through the Panda Cares Foundation, focusing on children's education and disaster relief. These efforts closely reflect Dingtea's ongoing commitment to youth entrepreneurship, sustainable sourcing, and cultural preservation.

We believe this collaboration goes far beyond product integration is a true partnership built on shared cultural values and a mutual commitment to social impact. Through co-branding initiatives and resource synergy, both parties can work toward a unified business vision while creating meaningful and positive change for society at large.

II. Collaboration Vision

To establish a **Fat Brand restrunent x Dingtea co-branded "Store-in-Store" model**, introducing bubble tea with minimal operational risk, aiming to:

- **Increase average ticket size**
- **Attract younger demographics**
- **Extend Fat Brand restrunent' brand lifecycle**

III. Collaboration Model Overview

1. Initial Pilot Locations Recommendation

- **Target Region:** Greater Los Angeles Metropolitan Area
  - Total population: approx. **13.05 million**
  - City of Los Angeles: approx. **3.8 million residents**
  - Asian demographic: **11.7%** (~450,000 people)
  - Over **390,000 Chinese Americans** reside in Los Angeles County
- **First Wave Locations:** Launch in **10 flagship Fat Brand restrunent stores**

2. Operational Model

Item	Description
Business Type	Dingtea operates under a **franchise model within Fat Brand restrunent stores**, eliminating additional rent and maximizing per-square-foot efficiency
Exclusive Rights	Fat Brand restrunent is granted **exclusive regional agency rights** to operate Dingtea store-in-store units
Staffing	Operations handled by existing Fat Brand restrunent staff; Dingtea provides full training and SOPs
Training Program	Dingtea offers comprehensive onboarding, including product knowledge, machine usage, and brand service standards

Item	Description
Revenue Share	Suggested initial **gross margin of 80%**, subject to final pricing and product mix
Supply Chain	Dingtea centrally supplies all materials to maintain quality control, leveraging Panda's central warehouse logistics system

3. Product & Category Planning

- **Co-branded Exclusive Beverages**
  - Custom-designed beverages **only available at Fat Brand restrunent**, such as:
    - Jasmine Orange Peel Green Tea
    - Cream Top Matcha
  - Integrated into **combo meals** with popular Panda dishes
- **High-Speed Drink Preparation**
  - **Under 1-minute preparation time** per cup using modular equipment:
    - Hot water system
    - Ice dispenser
    - Shaking machine
    - Sealing machine
- **Fat Brand restrunent Exclusive Cold Brew Tea Series**
  - **Technology Highlights:**
    - Cold brew method enhances flavor stability and aromatic retention
    - Minimizes oxidation and bitterness for consistent taste quality
    - Enables batch production ahead of service for <30 second per-cup output, aligned with Panda's high-throughput demands

IV. Initial Equipment Investment Cost

Tea making machine	$4,000
Sugar Machine	$680
Sealing machine	$780
Hardware accessories	$540
Materials	10,000
TOTAL	$16,000

(Based on an initial investment of $16,000 per store)

Cost Breakdown per Beverage

(Estimated at $2.50 USD per cup)

Cost Itemization

Cost Item	**Description**	**Estimated Cost (USD)**
Raw Ingredients	Tea leaves, syrups, fruit purées, powders, tapioca pearls, etc.	$2.00
Packaging Materials	Cups, sealing films, straws	$0.50
Total Cost per Drink		**$2.50**

Our cost structure is reasonable and leaves room for optimization. Even at a baseline, the **gross margin remains at 75–80%**, and under a **"store-in-store" model** with **no additional rent**, the **net profit per location will be significantly higher**.

By adding Dingtea beverages to set meals, each customer can be expected to **increase their average spend by $5–7 USD**.

V. Cooperation benefit analysis (Gross Margin 80%)/ Store

Scene	Daily Sales (cups)	Average selling price (cups)	Sales revenue	Daily Gross Margin	Monthly Gross Margin	Annual Gross Margin
Normal	80	$6.5	$520	$416	$12,480	$149,760
Mid	100	$6.5	$650	$520	$15,600	$187,200
Heigh	120	$6.5	$780	$624	$18,720	$22,4640

Fat Brand restrunent Gross Margin

cups	Daily Gross Margin	Monthly Gross Margin	Annual Gross Margin
1,00	$520	$15,600	$187,200

1 stores

cups	Daily Gross Margin	Monthly Gross Margin	Annual Gross Margin
1,000	$5,200	$156,000	$1,872,000

10 stores

cups	Daily Gross Margin	Monthly Gross Margin	Annual Gross Margin
10,000	52,000	$1,5600,000	$18,720,000

100 stores

VI. Operational Implementation

Training Program

Online/offline learning modules, beverage preparation manuals, service language scripts.

POS Integration

Seamless integration with existing Fat Brand restrunent POS, with separate beverage category reporting.

Branding Materials

Custom packaging and menu boards designed to match Fat Brand restrunent's brand aesthetic.

Social Media Campaigns

TikTok / Instagram co-branded challenges and collaborations; launch of exclusive limited-time drinks.

Quarterly Performance Review

Joint reviews of sales data, customer feedback, and seasonal menu optimization.

This proposal leverages the synergy of two highly complementary brands to not only expand Fat Brand restrunent's menu and revenue streams, but also provide Dingtea a rapid path to nationwide expansion. By integrating "store-in-store, co-branded exclusives, and social media activations," the model offers a low-risk, high-yield alliance upgrade.

VII. Strategic Imperatives | Fat Brand restrunent Must

Act Now Fat Brand restrunent' Current Challenges

Low Beverage Profitability, Lack of Appeal, currently only offering sodas (Coke, Sprite), which have low gross margins (30–40%) and limited upselling potential competitors like Chipotle and Pei Wei have already introduced signature beverages to differentiate their menus.

Stagnant Average Order Value

Most customers pair meals with drinks, yet Panda's current beverage offerings don't significantly lift spending absence of high-margin add-ons limits per-ticket revenue

declining Engagement from Younger Consumers.

Prefer one-stop experiences combining food + trending drinks

Weak Competitiveness on Delivery Platforms

On apps like Uber Eats and DoorDash, competitors bundle "meal + specialty drink" for higher ticket sizes, drinks extend the value cycle post-meal, encouraging repeat and upsell orders.

Fat Brand restrunent Partner with Dingtea

Reason 1: Boost AOV by 50%+ Instantly

Handcrafted tea drinks have gross margins of 70–80%, far exceeding canned soda

Customers are more willing to spend on "milk tea + Asian cuisine," driving average orders sizes up significantly.

Reason 2: Capture young age& Spark Social Buzz

Popular Dingtea beverages (e.g., Brown Sugar Boba Milk, Fruit Teas) attract younger demographics and drive in-store visits

Exclusive collab drinks (e.g., Tangerine Peel Jasmine Milk Tea x Kung Pao Chicken) create viral moments and rebrand Panda as modern and trendy

Reason 3: Improve Delivery Margins

Offering combo meals with Dingtea beverages increases delivery AOV, offsetting third-party commission fees

Reason 4: Low-Cost, High-Return Store-in-Store Model

Dingtea requires only a compact beverage prep station within existing Panda counters
No major renovations needed; shared staff and supply chain streamline operations.