



# **GONG CHA:**

## **From entering Korea Market to being a Big Success in S.Korea**





# BRIEFING THE COMPANY

- Taiwan-style Drink Shop Franchise
- Founded in 2006 in Kaohsiung, Taiwan(Royal Tea Taiwan)
- Expanded to another Asia countries (China, Singapore, S.korea)
- The number of stores in main markets

Taiwan	China	Singapore	S.Korea
40+	600+	80+	?

- Further expanded to America, Europe



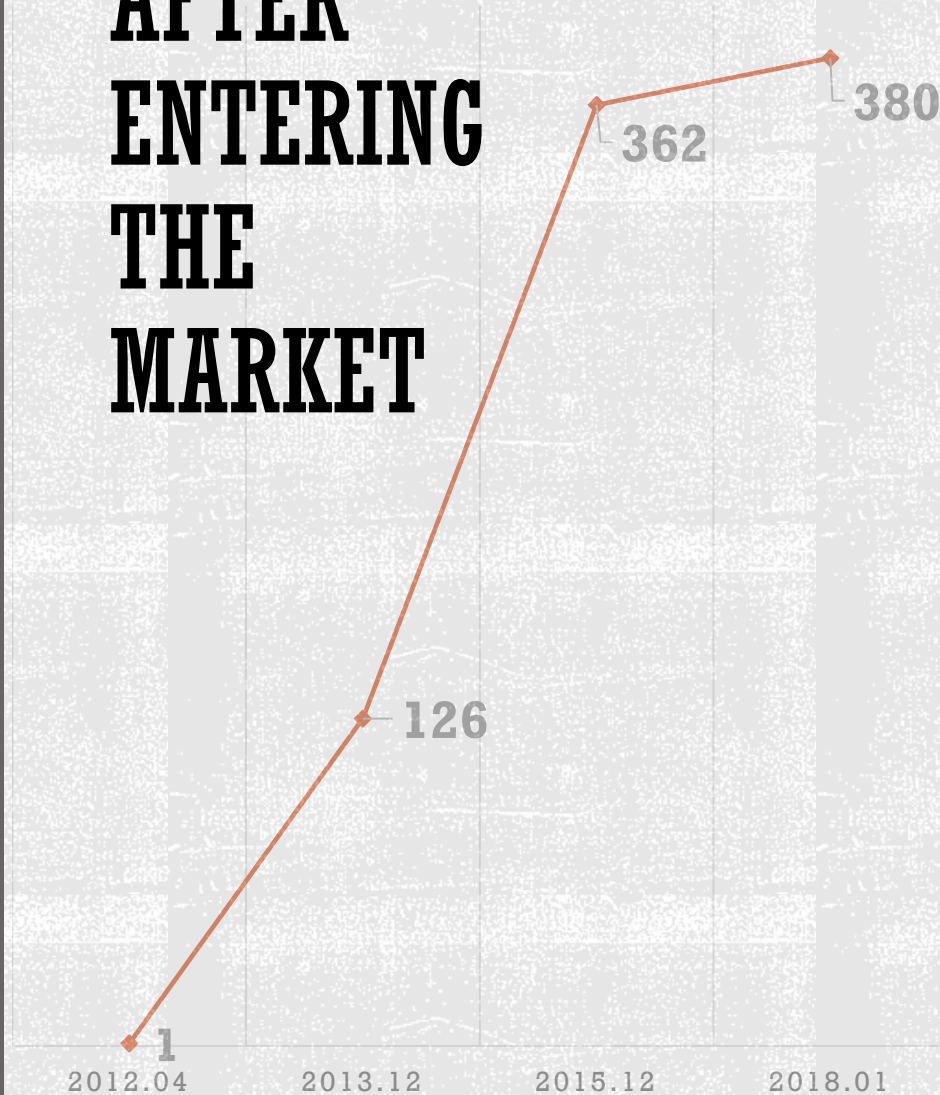


# ENTERING THE S.KOREA MARKET

- 2012 April, Gong Cha Korea was established
  - Royal Tea Taiwan licensed the brand to Gong Cha Koea
- 
- It was started as startup company : managed by amateur boss, one Korean housewife
  - Lack of Store Management Control, Customer Manual, Computer System,
- 
- Through the word of mouth, the brand became popular
  - Gong Cha chain stores increased quickly



# AFTER ENTERING THE MARKET



- Even the company consistently grow bigger, startup-like management has limits
- 
- 2014 July, global private equity firm, Unison Capital acquired Gong Cha Korea
  - Stated to managed by professional executive
  - He changed whole system and upgraded the management ability
- 
- It become the leadar of S.korea bubble tea maket





# BASIC STRATEGY

Selling Product	Beverage Based on Tea	
Main Selling Product	Bubble Tea, Milk Foam, Creative Mix (yogurt, juice)	Same as Global Stores
Price Point	Over 100 NTD	High Price Point
Bubble Tea Price	113 NTD	Starbucks Americano 121 NTD
Type of Stores	Cafeteria, Take-Out	Mainly Focusing on Cafeteria
Number of Stores	380+	The Leader of Market



# BASIC STRATEGY



Bubble Tea

---

Milk Tea + Bubble

---

113NTD+

---



Milk Foam

---

Pure Tea + Milk Foam

---

108NTD+

---



Creative Mix

---

Pure Tea + Fruit, Yogurt

---

116NTD+

---





# BASIC STRATEGY



# PRICE STRATEGY

## Taiwan Market

Has been existed for 30 years  
and very popular

Considered as the beverage  
that can be enjoyed by  
everyone

Intense competition between  
many brands

## S.korea Market

Entered the market in 2000s  
and failed in the beginning

Considered as the new  
kinds of beverage and  
fascinated Koreans

Many brands started to enter  
No leader brand

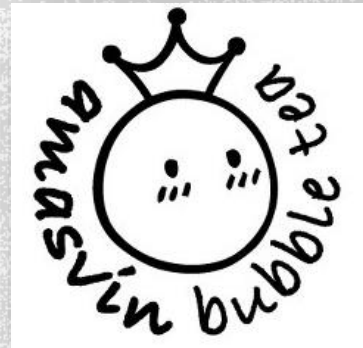
There was opportunity for pricing the product highly





# PRICE STRATEGY

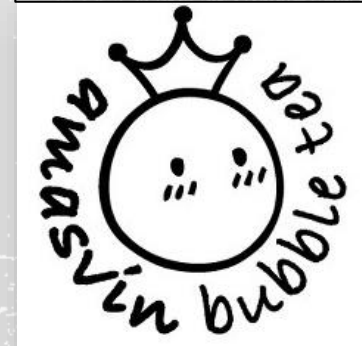
Gong cha 貢茶



**No.1** 113NTD

Gong cha 貢茶

**No.2** 85NTD



# PREMIUM TEA : PRODUCT

#1 Always use tea leaves for brewing teas  
Instead of tea bags or powder

---

#2 Always rebrew the tea every 4 hours

---

#3 Do not add preservatives and artificial colors

Always strived to offer the  
best tea to customer

---

Customers will willing to pay more  
for having a better tea





# PREMIUM TEA : PLACE



Expectation for the Price  
: Product Itself + Service

---

It provides the place where  
customers can do their  
activities(reading books, chat, study)

---

Customers will willing to pay more  
for their services





# PREMIUM TEA : PROMOTION



'Barista'



'Tea Master'

- 
- Marketed as the tea is brewed by 'Tea Master'
  - Gives customers more professional image about the company
  - Used male actor for delivering the image



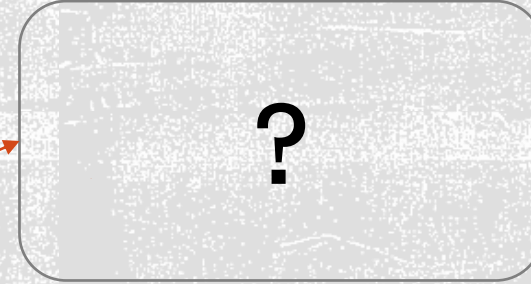
# PREMIUM TEA : PROMOTION



# DEVELOPING PRODUCT STRATEGY



From the beginning, it only sold the same product with Gong Cha Taiwan



Creating New Seasonal Drink



Creating New Dessert





# DEVELOPING PRODUCT STRATEGY

2017 :  
Seasonal  
Strawberry  
Drink



2018 :  
Seasonal  
Mango  
Drink





# DEVELOPING PRODUCT STRATEGY



Fresh Fruit Juice became popular  
: ex) 'JUICY' has 800+ store in S.korea

Gong Cha Korea developed some  
new tea drinks based on fruits

It is introduced as Seasonal Drink  
only sold for one year or one season



# DEVELOPING PRODUCT STRATEGY



#1 It gives new chance to customers who don't like Gong Cha drinks

---

#2 It gives chance to make new customers who even haven't tried it

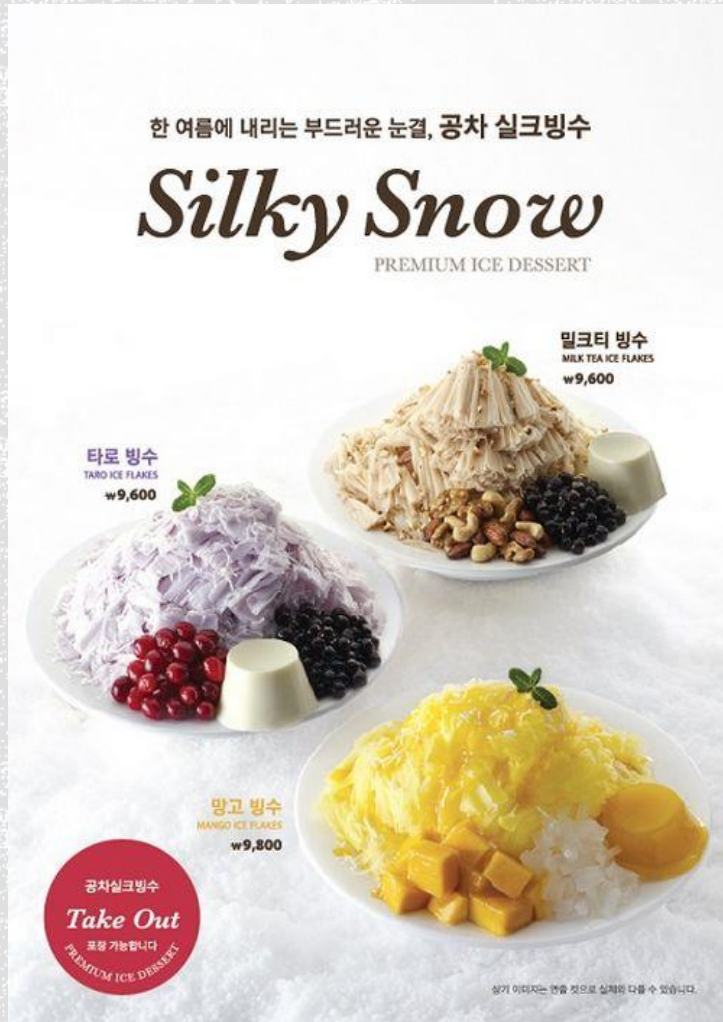
---

#3 It gives chance to make original customers come more often





# DEVELOPING PRODUCT STRATEGY



S.Korea Dessert Culture  
: Many people enjoy ice flakes in summer

Gong Cha introduced Taiwanese ice flakes which is famous for Korean traveler

Half of the sale for the summer comes from these desserts



# PRODUCT

- Beverage based on Tea came from Taiwan Gong Cha
- Seasonal drinks based on certain fruits every year
- Seasonal dessert based on Korean's culture
- Because it is seasonal, doesn't need to be worry about increasing menu
- New produTake up a lot of percent of sales

# PLACE

- Many of the stores are cafeteria type
- For the convenience, also introduced take-out type store
- Incheon airport Store
- Flagship store in Hongdae
- Convenient Store
- can sell more expensive and introduce new desserts
- let more Korean customers and foreigner know

# PRICE

- Entered the market as expensive beverage
- Sold more expensive than other competitors
- Justified with Premium Tea Marketing
- Earned more money in S.korea market compared to other global markets

# PROMOTION

- Introduced tea expert : 'Tea Master'
- Used male actor for promoting the brand
- Promoted through tv commercial and SNS
- Public transportation advertisement
- give opportunity to let more people know about the brand
- recognized as premium brand





# CONCLUSION

## : HUGE SUCCESS

### EBIDTA



20%



22%

Became the  
company leading the  
beverage market

### Acquirement



For the more control  
of the brand, they  
acquired headquarter

Good Example how the  
company should do when they  
need to pioneer the market

---

Good Example how the  
company need to success in  
Korea beverage market

---

Thank You for listening!







'Barista'



'Tea Master'

- Marketed as the tea is brewed by 'Tea Master'
- Gives customers more professional image about the company
- Used male movie star for delivering the image









- Taiwan-style Drink Shop Franchise
- Founded in 2006 in Kaohsiung, Taiwan
- Expanded to another Asia countries (China, Singapore, S.korea)
- The number of stores in main markets

Taiwan	China	Singapore	S.Korea
40+	600+	80+	?

- Further expanded to America, Europe

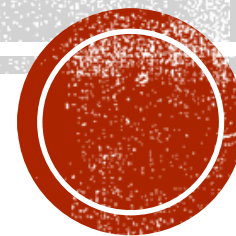
\*For some reasons, all of the Singapore stor





# Gong cha

**From entering Korea Market  
to being a Big Success in S.Korea**

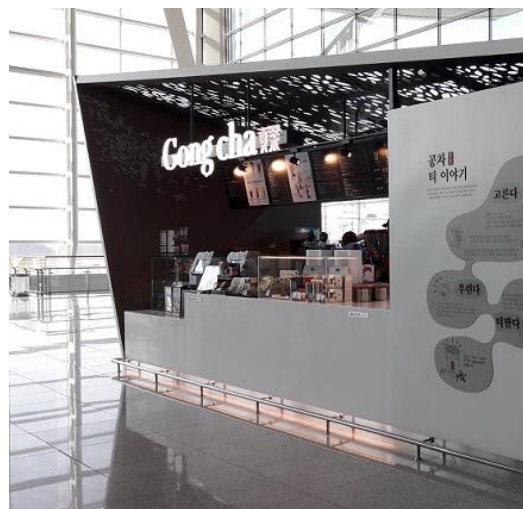
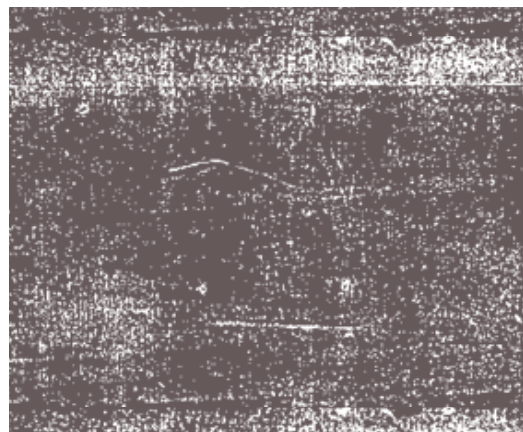




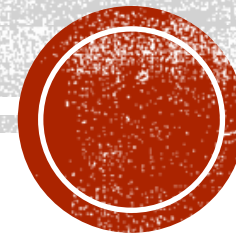


# Briefing The Company





# BASIC STRATEGY





How They  
Entered  
S.Korea  
Market





IT IS DIFFERENT FROM OTHER GLOBAL COMPANY....

One Korean Housewife get interested in GongCha

After 1 year of persuasion, Gongcha sold their Rights for S.Korea to Her

She opened Firt Store in HongDae

Originally, She even didn't think of opening new branches(stores)

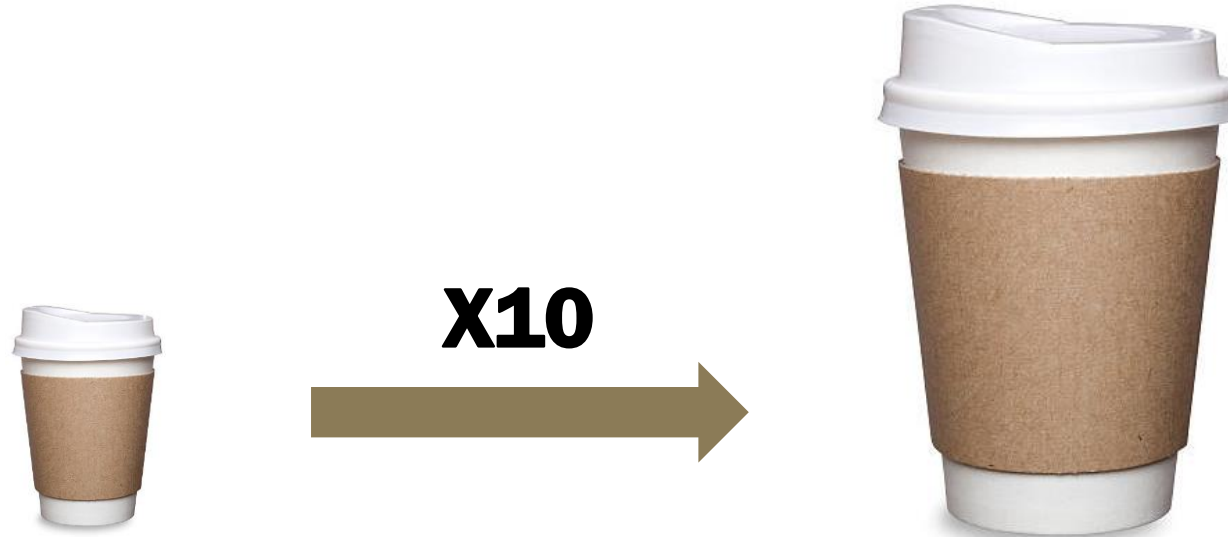




# S.Korea Beverage Market







## Korean beverage market is mainly concentrated on Coffee

- Coffee Market has a current value of US\$8400million
- In Calculation, Each Person Drinks 512 Cups of Coffee
- In 10 years, Market Increased 10 Times





## Korean People started to Find Another Beverage

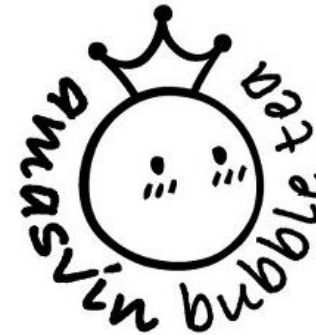
Even coffee market is still increasing,  
people started to get bored of coffee

## Traditional Coffee Store Strategy

Started to introduce new kinds of beverage,  
But It didn't satisfied the market



Gong cha 貢茶



Good chance for Bubble Tea to Enter the Market  
Various Bubble Tea Brands Entered the Market





# Gong cha 貢茶

**Gongcha was one of the Fastest Growing Company**

- Even their bubble tea price is the most expensive, there are 400+ Gong Cha stores in S.korea
- S.korea became one of the biggest market for Gong Cha, even larger than Taiwan





## Gongcha was one of the Fastest Growing Company

- Even their bubble tea price is the most expensive, there are 400+ Gong Cha stores in S.korea
- S.korea became the second biggest market for Gong Cha, even larger than Taiwan



What is  
Different  
from  
Others?

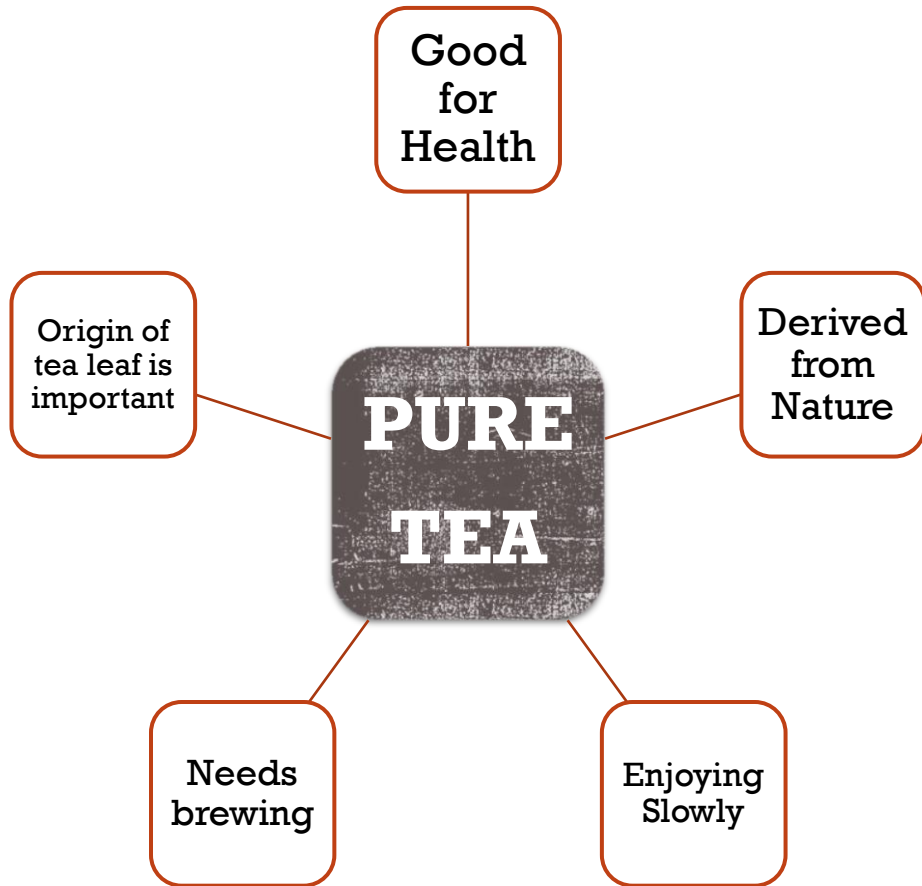






They More Focused on 'PureTea'  
rather than 'Bubble Tea'





It is regarded as Healthy Drink

It is Not Enjoyed by Everyone



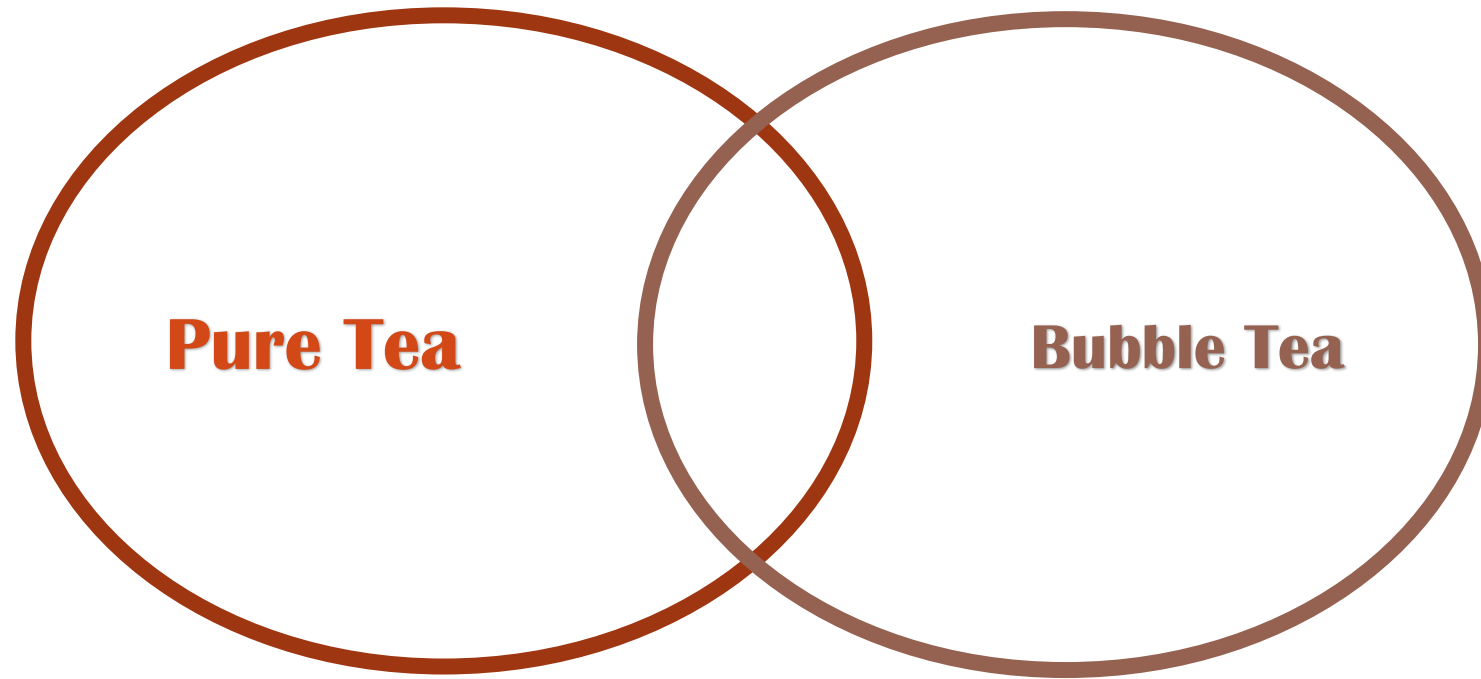


It is Enjoyed by Everyone

It is regarded as Unhealthy Drink







Even they sell Bubble Tea,  
But their marketing is focused on Pure Tea



How They  
Focused on  
Tea?





## To Make a Good Quality Tea

Always use tea leaves for brewing teas  
Instead of tea bags or powder



## To Keep the Quality of Tea

Always rebrew the tea every 4 hours





To Make Enjoy the Tea Slowly

Operated as café instead of take-out store



To Make a Pure Tea

Do not add preservatives and artificial colors





Example

<https://www.youtube.com/watch?v=NVS-R-GirUJg>



# Local Strategy





## Introduce Seasonal Menus Every Year

2017: 4 Strawberry Drinks + Strawberry Pearl

2018: Mango drinks + ?




## Introduce Delivery Service

Mainly focusing on Office Area



# 그린티 망고와 만나 매력이 터지다

공들여  
맛있는 차  
공차 

NEW  
망고 말차  
티포가토 스무디

NEW  
망고 밀크 요거티

NEW  
망고 주얼리 밀크티

# 공차 얼그레이에 딸기를 더하다

향긋한 얼그레이와 상큼한 딸기를 공차 음료로 만나보세요.

NEW  
딸기 쿠키 스무디  
STRAWBERRY COOKIE  
SMOOTHIE

NEW  
딸기 타로 밀크티  
STRAWBERRY TARO MILK TEA

2017 BEST  
딸기 얼그레이  
티라메  
STRAWBERRY EARL GREY  
TEA LATTE

NEW  
딸기 주얼리 밀크티  
STRAWBERRY JEWELRY  
MILK TEA

  
Gong cha







## Introduced Different Type of Dessert

Introduced Taiwanese Mango Ice Flakes



## Opened Airport Store

To promote Gong Cha to more foreigners



한 여름에 내리는 부드러운 눈결, 공차 실크빙수

# Silky Snow

PREMIUM ICE DESSERT

타로 빙수  
TARO ICE FLAKES  
₩9,600



밀크티 빙수  
MILK TEA ICE FLAKES  
₩9,600



망고 빙수  
MANGO ICE FLAKES  
₩9,800



공차실크빙수  
**Take Out**  
포장 가능합니다  
PREMIUM ICE DESSERT

실기 이미지는 연출 컷으로 실제와 다를 수 있습니다.







Conclusion





# Gong cha 貢茶

Operating Profit Rate is Very High

[Gong Cha Korea 22%] vs [Starbucks Global 20%]  
Derived by premium image and their expensive price


Acquired Headquarters of Gong Cha

Started to control whole branches all over the world  
But it is still a Taiwanese company



THANK YOU FOR LISTENING!!





How  
They are  
successful?



What is  
Different  
from  
Others?



**STANDAR  
DIZATION**



```
graph LR; A[STANDAR DIZATION] --> B[ ]; A --> C[ ]
```

The diagram features a central rectangular box with rounded corners and a dark blue border. Inside the box, the words "STANDAR" and "DIZATION" are stacked vertically in a bold, white, sans-serif font. From the top-right corner of the box, a dark blue curved arrow points upwards and to the right. From the bottom-left corner of the box, another dark blue curved arrow points downwards and to the right. The background is a solid light blue.

