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CJ Bibigo's Market Expansion Strategy: Should It Go West or East?

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CJ Group is one of the well-known conglomerates in South Korea. The company began operating in 1953 with a main goal of spreading Korean culture worldwide through its brand. Following its success in sugar industry, CJ Group expanded the company's business divisions to include retail, biotechnology, food and food service, as well as logistics. Such "Creative Diversification Strategy" has been the key to its success. Based on the achievements, CJ now aims to spread culture as well as "life" via its brands, with "Bibigo" being an example. Bibigo is a franchise restaurant that offers authentic Korean food in a contemporary style. This case study aims to enhance readers' understanding of Bibigo as a global brand, and explore various success factors in being one of the leading Korean brands in the world market.

Key Words: CJ Group, Bibigo, Foodservice, Expansion Strategy

Ⅰ. Introduction

In the midst of 2012 London Olympics, CJ's chairman Jayhyun Lee sat face to face with Minheoi Heo, the CEO of CJ Foodville, in CJ's Seoul headquarter. The purpose of this meeting was to assess the overall achievement of an opening event that was held for launch of Bibigo Bar & Dining London.

"How was the opening?" asked the chairman.

"Very successful indeed. The event itself had 300 VIPs attended. Among them was the president of London Olympics Committee," said the CEO, "also there had been a lot of media exposure going on in London since the opening last week, and this was not only accelerated by the Olympics, but the locals too showed positive responses." The CEO answered, enthused by satisfactory achievements.

"Great, where will be the next location for launch then?" asked the chairman.

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"We're looking at different options. Discussions are still going on about opening additional stores in the United States or Europe, and Japanese market is also our new candidate." said the CEO.

The chairman closed his eyes with concerns. "What do you think?" asked the chairman, "For the company to hold its sustainability for growth, are we heading the right direction?" the chairman went on, "Would it be more appropriate to penetrate the Asian market, based on our well-established ingredient supply system, along with high popularity of the Korean wave?" he continued, "Or would it be better if we considered the Western market, like the London store, where the demand for healthy diet is high with large diversity in the ethnic food market?"

II. History of CJ[1)]

2.1 Establishment & Growth

In the aftermath of Korean War (1950~1953) many South Koreans were left in devastated conditions, with most of the country's basic infrastructures destroyed. This led to decreased demand and supply of foreign currency in South Korea for the post-war era. However, many domestic corporations contributed towards rebuilding and improving of the economy, like that of CJ Group.

CJ Corporation was the first to establish a domestic sugar refinery facility in 1953, under the command of Lee Byung-Chul, the founder of CJ Group. The business made sound progresses along with industrialization policy introduced by the South Korean government. The growth continued to reach 69.1% of South Korea's market share for sugar in 1960.

Based on such achievements, CJ pursued new business opportunities for further expansion. Later the company entered condiment industry, where the number of demands for seasoning products had been increasing. The firm showed consistent efforts to improve its product offerings to satisfy consumers as well as their needs. Furthermore, CJ, being the nation's first natural seasoning producer took a leading position in Korean condiment market. Striving to extend its success, the group continued its business expansion throughout food industry and various items, with processed goods as its key product. Such efforts not only assured CJ's leading status in condiments but also further placed the company as the dominant player in the whole of food industry in South Korea (Park and Kim 2013).

2.2 Diversification

While CJ had already achieved a firm position in the market, the company still faced several issues regarding sustainability of its future growth. By far, CJ's reputation and

1) CJ 2003. CJ 50 years: 1953 ~ 2003. *CJ*.

image had been built around food production, but the company wanted to be defined as something more. With such pursuit CJ started to develop strategies for innovative growth.

There are numerous growth strategies available in the market that has been benchmarked by many. However, CJ abandoned orthodox scheme and chose to introduce its own unique strategy. Thereby, the company designed and applied the "diversification strategy", which led to increased sales as well as successful risk reduction with a broadened business portfolio.

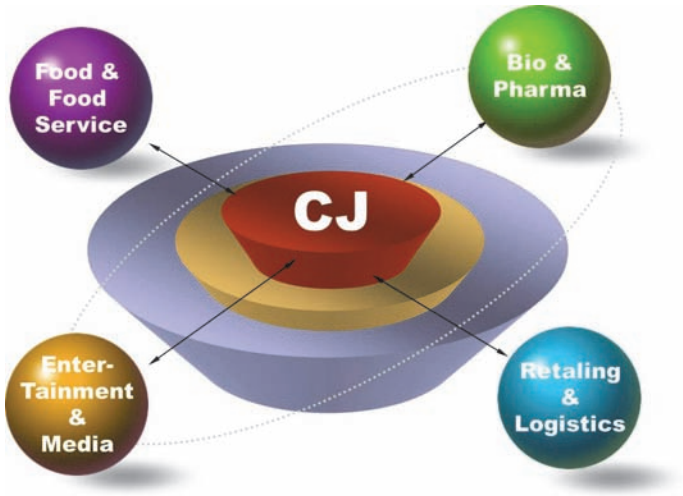
One of the examples of expanded business scope under the diversification strategy is the company's entry into pharmaceutical and household chemical industry in 1990s. Throughout CJ's operation as a food producer, it had developed fermentation and biotechnology. Based on such, the new business units were introduced. Later, CJ elaborated on its know-hows from food business to introduce food services and catering division in 1994. By then, CJ's businesses not only included development of physical product, but also a major service provider in domestic food industry.

In the year to follow, the scope of CJ's portfolio was extended as broad as to include entertainment sector, thereby making 1995 the historic juncture for the company. Here, CJ could successfully enter the market by becoming the second largest shareholder of Dreamworks SKG. Shortly after, the firm made an acquisition of a domestic Cable TV channel and entered media industry. In fact, CJ's pursuit to diversify was further demonstrated through its entry into telecommunications and finance, contributing to elevate the firm's image as 'a life and culture company' (Park and Choi, 2010)

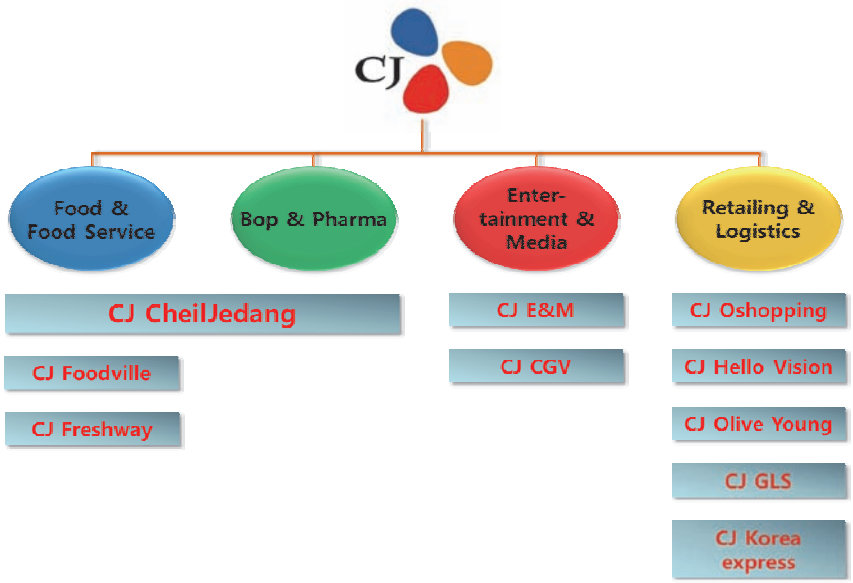
III. CJ's Business Operation

CJ has successfully positioned itself throughout various industries, leading to sound performance over the last decades. For the company's major business areas like food and foodservices, consumers currently show the highest level of brand recognition for its products, which is similar for entertainment and media. Here, CJ has a strong presence in the market with distribution of various leisure contents through television broadcasts, games, films and more. The company's success in this sector has been triggered upon its introduction of "CGV", the first domestic multiplex cinema. The brand now holds 42.5% of market share. The company not only holds competency domestically, but also globally, as in the achievements made over the incorporation of amino acid into food for livestock based on its fermentation technology. Moreover, the company's retail and logistics services have also been making sound progresses, represented by Olive Young and CJ GLS respectively, and such is expected to continue in the future (See Figures 1 and 2).

Based on the know-how that had been accumulated over history, CJ has enlarged the



〈Figure 1〉 CJ Group's Business Areas



〈Figure 2〉 CJ Group's Business Units

company's cultural domain in regards to its wide range of businesses and their managements. Though, CJ's main focus was set to include food and foodservice sector, knowing that food industry is the center of every culture. For instance, the size of South Korea's entire foodservice market was estimated at 880 million dollars in 1993. Among this figure, 60 million dollars was contributed by sales of family restaurants, indicating by then the

relatively small market share of the category in the industry as a whole. While the number of participants in family restaurant sector was small, CJ considered this as an opportunity. The company quickly sensed future potentials in this sector, thus decided to extend its business to include family restaurant service. Finally in 1994, CJ's operative division for dining business was introduced, and under a technical assistance agreement with a Japanese company, its first family restaurant "Skylark" was launched. After three years of knowledge building, CJ was successful to introduce its own family restaurant "VIPS" into domestic market. The brand showed outstanding performance and possibilities for the future, which led to creation of "CJ Foodville Inc." in 2000, as a separate business unit responsible for operation of dining services.

Ⅳ. CJ Foodville

The overall goal of CJ Foodville is to become the dominant leader in South Korea's food and dining industry. With such aim, the business successfully established 13 brands including "VIPS" being its key success, and the European-style bakery brand "Tous Les Jours" (See Table 1).

For its small-to-medium-sized brands CJ provided separate management structures to suit each one of them. Since the size of the industry itself had been small, considerable progress among the company's brands were translated to represent an advancement of the foodservice industry as a whole. On that account, CJ Foodville has been recognized as one of the pioneers in South Korea's foodservice industry (See Table 2).

4.1 Skylark

South Korea's foodservice in the 90s went through a rapid growth due to fast increasing number of dine-out restaurants. This trend arose as a response to greater level of income from high economic development, making changes in social structures with more families becoming nuclear households. Such population was now a new target for CJ to satisfy; thereby the company sought every means to acquire knowledge and experience necessary for successful operation of foodservice business as well as its marketing. Accordingly, CJ established a partnership with Japan's "Skylark", one of the leading foodservice providers in Asia. The new partner had been managing 9,000 stores worldwide, 4,400 of which were operating in Japan. In 1994, the restaurant opened in South Korea. Through this alliance, CJ aimed to acquire know-hows from Skylark's business operation model and adapt its corporate culture, for it was determine to take the lead in South Korean market as there was no local family restaurant brand available by then.

Through Skylark, CJ was able to obtain

〈Table 1〉 CJ Foodville Brands

Brand Name	Logo	Year of Launch	Business Category
TOUS les JOURS		1997	Bakery
VIPS		1997	Steak & salad restaurant
A Twosome Place		2002	Dessert café
China Factory		2006	Chinese casual dining restaurant
Coldstone Creamery		2006	Premium ice cream store
Fisher's Market		2006	Seafood buffet restaurant
Seafood Ocean		2006	Seafood family restaurant
The Place		2006	Dining café
Bibigo		2010	Korean restaurant
LOCO Curry		2010	Curry restaurant
Cheiljemyunso		2011	Noodle restaurant
Twosome Coffee		2011	Convenience café
VIPS burger		2011	Homemade burger restaurant

〈Table 2〉 2000-2010 CJ Foodville Yearly Sales Figures (USD in millions)

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
427	619	829	989	1,429	2,531	4,400	5,199	5,743	6,534

Source: Company reports

several key business know-hows of the Japanese company. First, CJ was introduced to "Central Kitchen" system, which is a centralized production facility for food ingredients. The system manages the overall supply of processed and/or prepared food ingredients to keep their quality and taste standardized. Having such facility, it enabled the business to eliminate any unwanted costs generated from diverged process of preparation, installation, investments, and time management. Moreover, the Kitchen itself made a significant accomplishment over a short period of time, leading to improved management and quality of menu items.

Skylark was also relatively more advanced in distribution structure. For instance, through Skylark's own Cold Chain management system, quality of ingredients could be maintained throughout the distribution with temperature control innovate data tracking technology. In other words, under this system, the overall effectiveness and efficiency of CJ's resource management was increased.

Today, CJ is considered as one of the most consumer-oriented company. This attitude was first adapted from the operation of Skylark, which had put great emphasis on the importance of product customization to suit local tastes. Hence, CJ underwent the same effort to meet local consumers' demand by putting great effort on localization of menus and quality of service. Ever since, the consumer-oriented management model became the prominent factor of the company's philosophy.

Overall, the three key capabilities acquired from the partnership with Skylark proved to be the most valuable asset for the operation of CJ Foodvile and related businesses in the future. This was especially true for the alliance led to improvement of the company's resource management and generated organizational know-hows from various managerial experiences.

4.2 VIPS

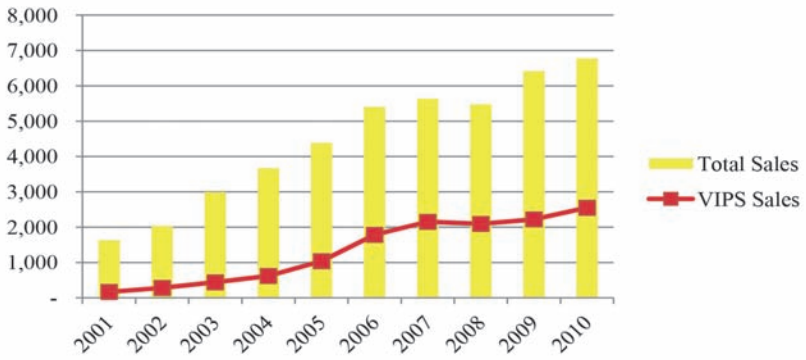
Based on the key takeaways from the operation of Skylark, CJ Foodville launched VIPS in 1997 as the first native family restaurant in South Korea. Until then, the country's dining industry had been saturated and dominated by foreign brands including T.G.I. Friday's, Outback Steakhouse, Bennigan's, Sizzler, and Tony Roma's. Despite the competition, VIPS' endeavored to differentiate itself by referring to the core competencies acquired from Skylark, and finally the brand introduced the "Salad Bar". The service being unique and new to the locals, this successfully appealed to customers, and the item continued its development to meet changing tastes of consumers.

The idea of Salad Bar was developed upon the competitive advantage CJ Foodville held in its supply chain management acquired from its previous operation of Skylark. Hence, the restaurant was able to offer fresh and quality food for the bar, which offered various menu items from appetizers, salads, desserts, and drinks. The system was designed to minimize

〈Figure 3〉 VIPS' Salad Bar

labor costs, as well as to distribute more effort towards quality improvement of steak menus (See Figure 3) for the restaurant expected high request for premium menus. Surprisingly, however, the brand witnessed significant demand for the bar instead of the premium items.

Regardless of its stance as a second-mover in the market, VIPS was able to successfully sense the shift in consumer demand for health and wellbeing, thus developed the bar as the main selling point. The varieties it offered was appealing enough to attract high number of health-conscious consumers and experience the item. To continue and maintain such popularity, VIPS has been dedicating high number of resources and efforts to satisfy changing customer demand through introducing biannual menu renovation for the bar along with other menus for increased diversity. After all, the success of Salad Bar could not have been achieved without the presence of stable supply chain system based on Central Kitchen and Cold Chain system, which ensured quality control of products and efficient management of the brand.



Source: Company reports

〈Figure 4〉 VIPS Sales Figures (USD in millions)

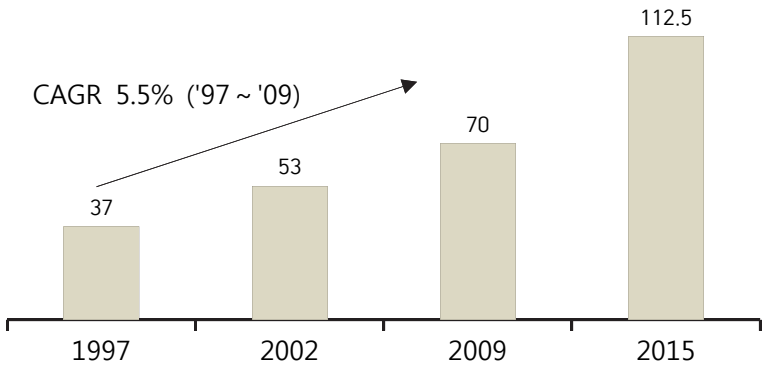
Not only was the innovative menu it offered that had contributed to the brand's popularity. It was also for VIPS' customer-oriented strategy that attracted many consumers. Originated from Skylark's model, it continued to keep track of changes in consumers' needs and wants, followed by intense investment in R&D for menus to satisfy such demand. VIPS also tried to satisfy a wide range of customer segments by offering flexibility among menu items, as well as being prompt in recognizing their needs. The brand's commitment towards its consumers was also seen in the regular changes in introducing menu items with different concepts.

While VIPS showed sound performance, its competitors on the other hand, were struggling over limited menus and inadequate quality control. In fact, these brands were operating in South Korea as a franchise of an international brand, thereby had difficulties in meeting the standardized policy given by their headquarters, which were shown through their inability to meet local demands and lack of control over distribution system. This was another point of differentiation that brought success to VIPS, where the restaurant was quick to recognize demands and requests of its consumers regardless of any additional expenses generated in the process. Ultimately, VIPS succeeded to take the lead in the South Korea's dining sector, showing the highest market share in 2007 (See Figure 4).

Ⅴ. Global Food Market in 2000s

"CJ's food and foodservice sector will lead to globalization of Korean food, with the company rising to become one of the top 10 foodservice providers in the global market," noted Jayhyun Lee the chairman of CJ. As it can be inferred from the comment, globalization of Korean food has been the chairman's longtime aspiration. To achieve such goal, CJ began to expand its business overseas in the late 2000s. By then, various dining restaurants were operating under CJ Foodville, though the domestic market had already been saturated. Hence, the company took this as a cue to bring its business to a global level using its managerial capacities built over many years of running numerous brands.

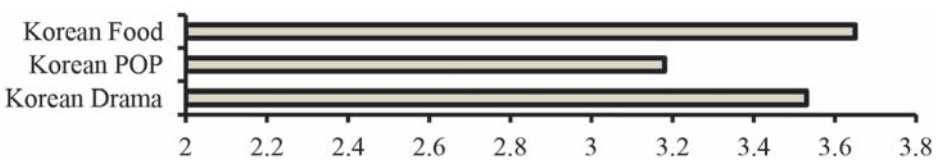
For global food market at the turn of the century, consumer trends were defined by high interest over ethnic foods. In fact, market for ethnic cuisines had been showing significant growth and expansion worldwide. Originated from Asia, Latin America, and many emerging countries, various cuisines were appealing to consumers, like that of Indian and Thai food using various herbs, spices, and vegetables with unique taste as well as atmosphere. For United States alone, the size market for ethnic foods had shown 5.5% of growth from 1997 to 2009 at 70 billion dollars (See Figure 5). Such expansion, to a large extent, was assisted by rising concerns for health among consumers at a global level.



Source: International Markets Bureau (2010), MARKET ANALYSIS REPORT: Consumer Foodservice (United States), Agriculture and Agri-Food Canada, Ottawa.

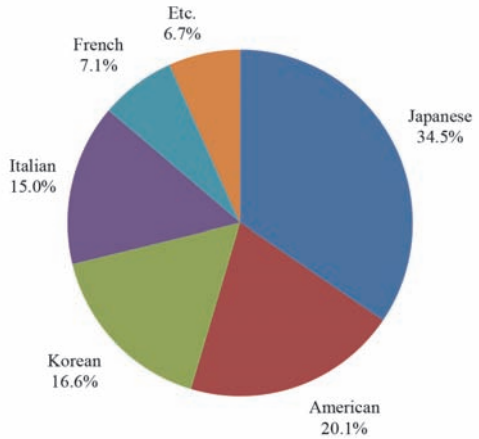
〈Figure 5〉 Market size of the U.S. Ethnic Food Market (USD in billions)

Another trend that was witnessed in global community was the phenomenon of "Korean Wave". In addition to increasing demand for ethnic cuisine, this also was an opportunity for CJ to leverage upon the qualities and characteristics of Korean food and culture in the global market. Here, the term Korean wave refers to the increasing popularity of South Korean pop culture originated in the late 1990s among East Asian countries. This culture basically includes various media contents from soap operas, music to games. This Wave has contributed to a large extent in generating high interest among consumers towards Korean cuisine, as shown in a survey from 2010. This survey was conducted in China, Japan, Thailand, and Vietnam to evaluate consumers' preference over Korean music, soap operas, film, and food. Among these categories, Korean food ranked the highest (See Figure 6). Relatively similar study was conducted also in 2009 by the Korean Food Foundation, which showed high interest for Korean cuisine among Asian consumers from China, Japan, and Vietnam; whereas relatively low preference observed from the US customers (See Figure 7). For the case of China, market share of Korean cuisine in the overall ethnic foods sector rated at 16.6% (See Figure 8). Regarding the United States,



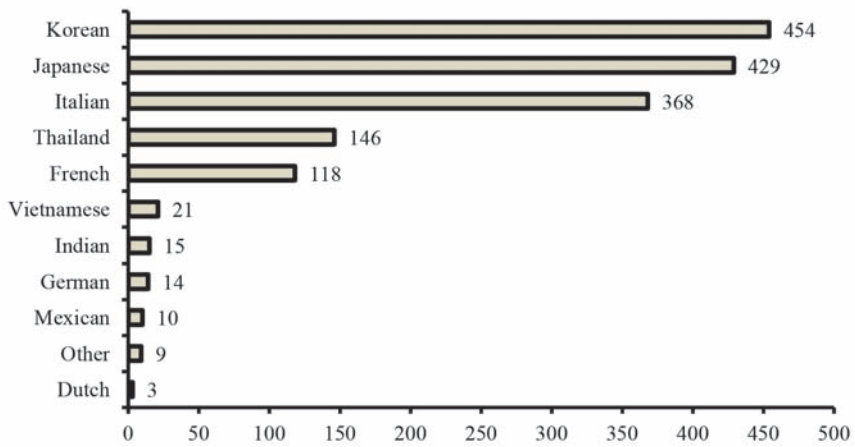
Source: Kim, J. (2010), Hallyu Consumer Behavior and Changes of the National Image by Hallyu, Hallyu Forum, Seoul.

〈Figure 6〉 Preference in Korean wave among 4 Asian Countries (China, Japan, Thailand, Vietnam)



Source: Korean Food Foundation (2010), Research and Marketing Guide for Korean Food Globalization, HANSIK Global Association, Seoul.

〈Figure 7〉 U.S. Ethic Food Market - Share by Nationalities

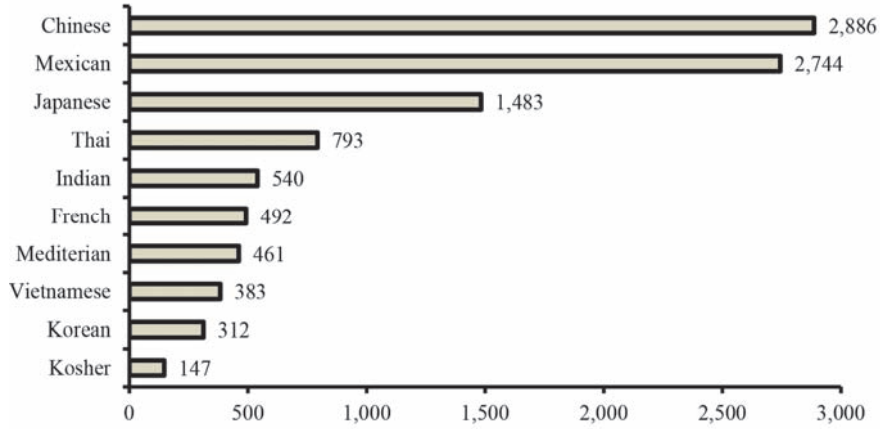


Source: Korean Food Foundation (2010), Research and Marketing Guide for Korean Food Globalization, HANSIK Global Association, Seoul.

* Among 12 ethnic food categories, interviewees were to choose top 3 items with a weighting on a scale of 1-3. The preference rate represents a relative value considering that a category with highest rate is set as 100 (except for domestic food).

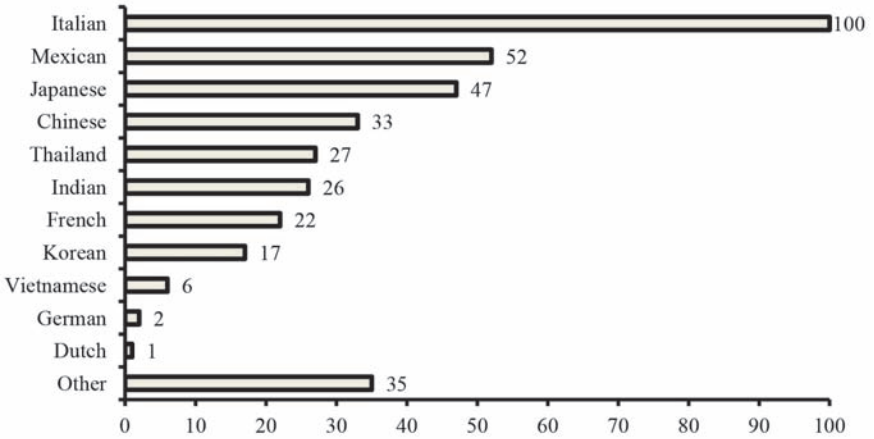
〈Figure 8〉 Preference of Chinese Consumers for Ethnic Food*

the study was conducted in large cities including Los Angeles, New York, Chicago, and Dallas. Here, the numbers of ethnic food restaurants operating in the regions were counted to observe the portion of represented countries. Here, an overwhelming popularity of Chinese cuisine with 2,866 restaurants was witnessed, whereas Korean restaurants placed 9th in the



Source: Korean Food Foundation (2010), Research and Marketing Guide for Korean Food Globalization, HANSIK Global Association, Seoul.

〈Figure 9〉 The Number of Ethnic Food Restaurants among 4 Major Cities of the United States (LA, NY, Chicago, Dallas)



Source: Korean Food Foundation (2010), Research and Marketing Guide for Korean Food Globalization, HANSIK Global Association, Seoul.

** Among 12 ethnic food categories, interviewees were to choose top 3 items with a weighting on a scale of 1-3. The preference rate represents a relative value considering that a category with highest rate is set as 100 (except for domestic food).

〈Figure 10〉 Preference of American Consumers for Ethnic Food**

rank with only 312 restaurants (See Figure 9). In a separate research, Korean cuisine again ranked 8th for measuring preference of ethnic foods among the US consumers (See Figure 10).

Ⅵ. Establishment and Key Concepts of Bibigo

Based on the increasing demand for ethnic foods worldwide, as well as rising popularity of Korean Wave, CJ Foodville concluded that Korean food holds large potentials for overseas markets. Based on such expectation, the business started searching for a key item that would represent Korean flavor most appropriately, and would bring success to the company's foreign market entries. After considering various alternatives, "Bibimbab" was chosen to be the main menu for CJ Foodville's overseas operations.

Bibimbab is one of the most popular traditional cuisines in South Korea. The plate is served with rice, topped with various cooked vegetables including zucchini, mushrooms, bean sprouts, along with beef and fried egg. It is served with red chili paste named "Gochujang" for seasoning, which is to be mixed thoroughly with all ingredients by the person eating the meal. Bibimbab is known to have originated in 1800s, and developed ever since as a traditional dish. The cuisine was enjoyed after various ceremonial events, where all family members gathered around to share a meal made from a large bowl with variety of food mixed with rice.

Since the plate contains high nutrition with diversity of ingredients, CJ Foodville chose to introduce the menu to foreigners under a new brand name "Bibigo", a coined term of Korean verb '**Bi-bi**-da' (to mix) and English verb 'to **go**' (See Figure 11). This is how 'Bibigo', the new dining brand of CJ Foodville was established. Bibigo now operates to represent CJ Foodville's key strengths accumulated through various business operations from Skylark to VIPs. Though, the brand's major differentiation comes from its theme based on traditional cuisines with high nutrition. The brand has also been trying to build its image upon high convenience, as well as to spread Korean culture at the same time.

〈Figure 11〉 Bibigo Logo

6.1 Fresh and Healthy Food

Eating 'healthy' has been the major concern for many of today's consumers, represented by increasing demand and attention for well-being and slow foods. In fact, such attitude has now become the mega-trend in the world food market. CJ Foodville's move to introduce Bibimbab as the key item of Bibigo is to meet this demand. In fact, the dish is known to provide balanced nutrition between vegetable and beef at an 8:2 ratio, without any calorie-adding additives like butter and cream. Moreover, the cuisine is appealing for it does not include any fried ingredients, but rather made with boiled ingredients thus able to keep their freshness. Together with Gochujang,

made with fermentation technology, the menu offers high nutritional benefits for health-conscious consumers.

6.2 Convenience

For entering foreign markets, Bibigo chose to adopt the "made-to-order" system for its service. Having each ingredient semi-cooked, the plate can be prepared and served at faster speed upon receiving an order (See Figure 12 and 13). Many Western customers, as well as young Asians are familiar with such system, as the process is similar to that of "Submarine" the sandwich chain, where consumers are offered with various ingredient options for their sandwiches. For the Bibigo as well, customers are given choices over ingredients to receive a custom-made Bibimbab. This system is also appealing for take-out customers as their products can be quickly served with prepared rice, provided in a retort pouch and fermented sauce for increased convenience (See Figure 14).

Ⅶ. Operation of Bibigo

While Bibigo's menu is largely divided into three categories including appetizers, sides,

〈Figure 12〉 Bibigo's Made-to-order process

〈Figure 13〉 Bibigo's Ordering system

〈Figure 14〉 Bibigo's Eco-Friendly Take-out Containers with Rice in Retort Pouch and Prepared Sauce

and main dishes, these menus differ from store to store depending on the style of service the particular store offers. CJ Foodville currently offers Bibigo as a "Quick Service Restaurant" (QSR), "Casual Dining Restaurant" (CDR), as well as a small number of hybrid restaurants, each type of service developed to suit diverse environments and customers (See Figure 15).

For instance, Bibigo's QSRs, in general, provide limited menus at lower unit prices. While most fast food chains operate under this system, though Bibigo's QSRs offer greater choices to customers and enables customization

Beverly Hills (CDR)

〈Figure 15〉 Bibigo's Menus for CDR and QSR

to a certain extend for personal preferences. Bibigo's CDRs, on the other hand, are characterized by dine-in services and more diversities in menu choices at medium to high unit prices like that of the typical dine-out restaurants. The restaurant also offers a combined version of QSR and CDR, through Bibigo Hybrid stores, which offers the same menus offered by Bibigo QSRs, while providing hot-stone and/or main dish menus with dine-in tables like the CDRs.

7.1 Domestic market operation

In 2010, the first Bibigo store was opened in South Korea, located in "Gwanghwamun" being one of the most metropolitan areas of Seoul. In the year after, the second Seoul store was introduced in "Gangnam" as a QSR. In this store alone, the sales of take-out Bibimbabs reached 40,000 for the first year. Upon this success, Bibigo continued to expand its business domestically to have the total of nine stores operating in South Korea. However, Bibigo's operation in domestic market was a preliminary to prepare the brand for its future entry into overseas markets. Thereby, Bibio went under an extensive menu and service development through its domestic stores. For instance, Bibigo's Yeouido store was used to test run a new take-out services for hot-stone menus. Hence, various findings and know-hows were gathered, which were later adjusted to suit various Bibigo stores overseas and their management.

7.2 Global market operation

By August 2012, the total of six Bibigo overseas stores were operating throughout China, the United States, Singapore, and England. In trying to penetrate through various international markets, the stores were first introduced in major cities of these countries (See Figure 16 and Table 4)

7.2.1 China

Bibigo's first international store was launched in China, located in the "Oriental Plaza" of Beijing. With the plaza being one the largest complexes in Asia, the restaurant targets office workers as well as family units visiting the mall. In trying to attract these customers, Bibigo chose to localize its menus with items like 'Bulgogi' the grilled marinated meat, to suit the taste of locals. This had led to 30% increase in the total number of order.

7.2.2 The United States

The first Bibigo US store was opened in Westwood, Los Angeles. With the UCLA campus being nearby, Bibigo's Westwood UCLA store targets trendy and culturally diverse college students. Like the Oriental Plaza store, Bibigo offers localized items like grilled plates as preferred by the locals. The second US store was introduced in Beverly Hills to target tourists visiting the region.

One of the major goals of Bibigo's US oper-

〈Figure 16〉 Bibigo Stores Worldwide

〈Table 4〉 Store Details of Bibigo's Overseas Restaurants

Store	Country	Location	Date of Launch	Capacity	Operating System
Beijing Oriental Plaza Mall	China	Shopping mall	2011/08/25	64 pax.	QSR
UCLA Westwood	U.S.	College District	2010/09/07	70 pax.	Hybrid
Beverly Hills	U.S.	Downtown	2012/03/29	65 pax.	CDR
Raffles City	Singapore	Shopping mall	2010/12/21	72 pax.	CDR
Nex Mall	Singapore	Shopping mall	2012/05/30	90 pax.	CDR
London Soho	UK	Downtown	2012/07/26	86 pax.	CDR

ation is to expand its presence in the US market with increased consumer awareness of the brand. Thereby, its marketing activities were designed to get closer and engage with various local communities. For instance, the UCLA store was a sponsor of the UCLA dance marathon festival in February 2012, as well as for the events held by LA County museum in December 2011.

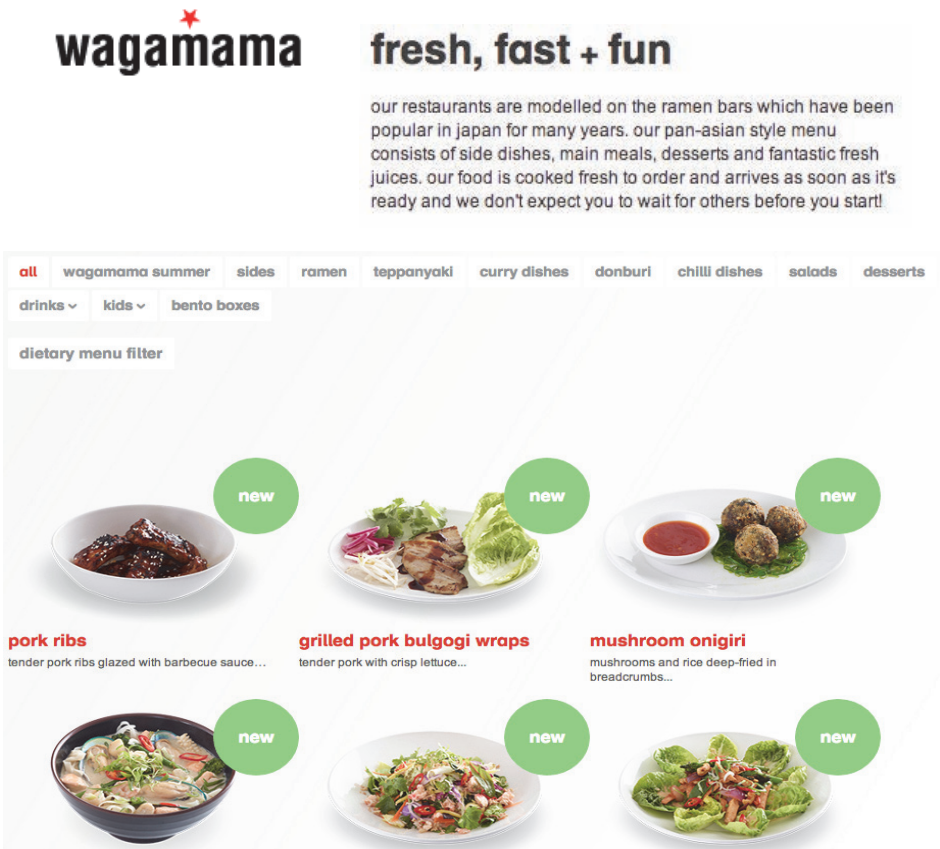
7.2.3 Singapore

The third international store of Bibigo was launched in the Raffles City, targeting majorly the office workers. For developing its menus, the same strategy of localization was adapted. A chicken cuisine "Samgyetang" is an example, which was introduced for the popularity of ginseng and chicken among Singaporeans. In terms of its marketing efforts, Bibigo was the official sponsor of "M-net Asian Music

Awards" (MAMA), the international music festival held by CJ E&M in November 2011. During the festival many Korean celebrities visited the Raffles City store, thus making the place a well-known attraction. The second Singapore store was opened in the Nex Mall, targeting family units. Here, the store provides services that reflect the popularity of Korean wave, thereby trying to make the place as an attraction like that of the Raffles City store.

7.2.4 England

Bibigo's sixth international store was opened in England, being the first store in Europe. The store is located on Great Marlborough Street in London, between Oxford Circus and Soho. The region is the center of global film distributors, thus represents high number of



(Source: Wagamama Website)

*** Similar to Bibigo, Wagamama offers sides, main dishes, desserts and others. Wagamama also offers dine-in as well as take-out services.

〈Figure 17〉 Japanese inspired cuisine "Wagamama" London***

〈Table 5〉 Price Range Comparisons for Bibigo and Wagamama London

Menu	Bibigo	Wagamama
Sides	*Lowest*: £2.00 (Pan-fried tofu and more) *Highest*: £4.00 (Kimchi platter)	*Lowest*: £4.25 (Edamame) *Highest*: £6.75 (Pork Ribs)
Salad	*Lowest*: £5.00 (Korean chopped salad) *Highest*: £9.00 (Seafood and bean sprout salad)	*Lowest*: £8.85 (Bean and glass noodle salad) *Highest*: £10.45 (Lobster super salad)
Main	*Lowest*: £8.00 (BBQ Chicken) *Highest*: £16.00 (Galbi Jjim: Braised Short Rib)	*Lowest*: £7.45 (yasai cha han) *Highest*: £13.95 (Beef teppanyaki)

population as well as frequent visits of many renowned celebrities and directors. Therefore, the London store has been designed to suit the locational environment as well as the atmosphere, and is currently operating as a flagship store with casual dining services.

Ⅷ. Looking Ahead

"We plan to expand Bibigo across the world with casual dining stores operating in major cities. Our goal in a longer prospect is to enlarge the business as a quick service provider, thereby fulfilling the objective of having 500 stores by 2014, and 1000 stores in 2017 globally. From overseas markets we expect up to 50% of generated sales by 2020." Notes the CEO of CJ Foodville.

Regardless of Bibigo's success, however, the brand still faces various concerns and questions regarding its future expansions. For instance, the brand has to consider future potentials of various markets and decide whether to focus its expansion in the East and/or the Western market. After making such decision, the business still needs to examine which strategy would be most suitable for its operations thus should be pursued. In other words, should it concentrate on branching out through large-scale shopping malls or through locating itself in college districts? Further issues concerning the style of services the stores should incorporate, whether the CDR, QSR, or a hybrid should also be considered. Moreover, its competitiveness in terms of menu differentiation and price also need to be reflected for future expansions (See Figure 17 and Table 5)

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CJ 비비고의 시장 확장 전략: 동, 서 어디로 가야하나?

정재석* · 강형구** · 문정훈***

요 약

1953년에 설립된 CJ 그룹은 한국의 가장 성공적인 경영사례를 보여주는 대기업중 하나이다. CJ 그룹은 자사의 브랜드를 통해 한국의 문화를 세계로 전파하겠다는 목표를 바탕으로 성장하였다. 본래 설탕 산업을 주축으로 출범하였으나 창조형 사업 다각화 전략을 통해 현재는 식품·서비스, 신유통, 엔터테인먼트·미디어, 인프라와 생명공학에 이르기까지 다양한 분야에서 활동하고 있다. 현재 CJ 그룹은 생활과 문화를 세계로 전파하는 문화창조기업으로 도약하기 위해 글로벌 한식 브랜드 '비비고'를 운영중이다. 본 사례 연구에서는 글로벌 브랜드로서의 '비비고'에 대한 이해를 강화하며 한국 브랜드의 성공적인 세계 시장 개척요인을 탐구하고자 한다.

주제어: CJ 그룹, 비비고, 식음료 서비스, 시장 확산 전략

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〈Teaching Note〉

CJ Bibigo's Market Expansion Strategy: Should It Go West or East?

Synopsis of the Case

CJ Group is one of the well-known conglomerates in South Korea. The company began operating in 1953 with a main goal of spreading Korean culture worldwide through its brand. Following its success in sugar industry, CJ Group expanded the company's business divisions to include retail, biotechnology, food and foo service, as well as logistics. Such "Creative Diversification Strategy" has been the key to its success. Based on the achievements, CJ now aims to spread culture as well as "life" via its brands, with "Bibigo" being an example. Bibigo is a franchise restaurant that offers authentic Korean food in a contemporary style. This case study aims to enhance readers' understanding of Bibigo as a global brand, and explore various success factors in being one of the leading Korean brands in the world market.

Teaching Objectives

The case of Bibigo can be used for effective evaluation of learners' knowledge upon various courses. Applicable teaching areas would include the courses for MBA, as well as for related studies for Marketing from introductory to a more advances levels focusing on Consumer, Service, and New Product Development. The teaching objectives of this case study includes:

1. To recognize various issues related to corporate culture of a business in regards to new market entry and decisions.
2. To discuss upon the role of culture and/or tradition in creating opportunities for businesses.
3. To identify diverse managerial strategies and tools mentioned in the case of CJ for the operation of Bibigo
4. To evaluate the effort and success of Bibigo as a brand in spreading of the Korean culture globally.

Questions for assessment

1. Identify the market entry strategy CJ has used when going into South Korea's foodservice industry. What are the pros and cons of this entry mode?

2. What are the three main competencies of CJ Foodville in domestic market operation? For overseas operations, can the company's core competencies still be considered competitive advantage?

3. What are Bibigo's value propositions for its domestic consumers? Would they defer for its foreign consumers? Why and how?

4. Among the alternatives of globalization and localization, which globalization strategy has Bibigo pursued for its overseas operations? What would be the major benefit for Bibigo in choosing such strategy?

5. Suggest one country (other than China, the United States, Singapore, and England) for Bibigo's next oversea stores. Provide rationale for the choice and conduct a SWOT analysis.

6. Identify and evaluate Bibigo's target market. Should Bibigo continue to target such selection, or would it be revised? Provide reasons.

7. In the case of Bibigo's Singapore stores, how has the brand position itself in the market?

8. Identify the major competitors of Bibigo in the countries where the brand currently operates in. How has Bibigo differentiated itself from such competition?

9. To which countries should Bibigo continue its expansion? The East or the West? Provide reasons based on the benefits and costs for Bibigo in pursuing global strategy (e.g. Economies of scale, input costs, customers, etc.).

Case Analysis

1. Identify the market entry strategy CJ has used when going into South Korea's foodservice industry. What are the pros and cons of this entry mode?

When entering South Korean foodservice industry, CJ chose to make a franchise agreement with a Japanese foodservice provider "Skylark". This can be inferred from the text as CJ was duplicating the same organizational structure of Skylark in its operations, for it has adapted the Central Kitchen and Cold Chain system along with customer-oriented attitude. Additionally, CJ not only adapted such tangible infrastructures, but

also was able to access intangible property in managing these resources, thus developing various capabilities for its future career. Franchise alliance, in general, can be considered as a relatively safe mode for entry in the franchisor's perspective for the cost and risk is reduced. However, these burdens are highly shouldered on franchisees, therefore, it may work as a motivation for the franchisee to quickly learn and improve operation for making profits. On the other hand, franchisors may by challenged by issues like quality control, which can have negative impact on the company's reputation.

2. What are the three main competencies of CJ Foodville in domestic market operation? For overseas operations, can the company's core competencies still be considered competitive advantage?

The know-hows acquired from the operation of Skylark are CJ Foodvilles' main competencies. The Central Kitchen, Cold Chain system, as well as customer-oriented business are the three. The company managed to get hold of such expertise in the early stage of the industry as a whole, and was able to develop and strengthen such factors as its own competencies over time. However, these elements are strengths only relative to its domestic competitors. In fact, such strengths may become weaknesses when entering foreign markets, if these cannot be matched with the market condition. Its potential competitors should also be considered for they may have advanced knowledge and know-hows in providing services in the market.

3. What are Bibigo's value propositions for its domestic consumers? Would they defer for its foreign consumers? Why and how?

An example of Bibigo's value proposition for domestic consumers would be increased availability of healthy dine-out options that offer familiarity in menus with freshness guaranteed. This may be different for foreign consumers, for Bibigo offers cultural values as well, thus delivering unique taste and experience at the same time.

4. Among the alternatives of globalization and localization, which globalization strategy has Bibigo pursued for its overseas operations? What would be the major benefit for Bibigo in choosing such strategy?

Bibigo has chosen to standardize its brand image, concept and delivery of service in all countries, however, adapted localization strategy for developing menu items. One of the benefits would include cost efficiency from keeping the organizational structure universal across countries, and being able to meet varying demands from local consumers more flexibly with menu variations.

5. Suggest one country (other than China, the United States, Singapore, and England) for Bibigo's next oversea stores. Provide rationale for the choice and conduct a SWOT analysis.

Germany may be an example of a potential candidate. The major reason for such suggestion is for the company's relatively weak presence throughout the European region, and Germany being one of the most powerful countries in the region. Furthermore, Berlin is also well known for its trendiness.

There are several opportunities and threats Bibigo may face when entering German food-service industry. The opportunities include high purchasing power of consumers, along with increasing interest for foreign cuisines. This has been due to growing number of Germans travelling, as well as 20% of the overall population represented by nationalities from outside Germany. The country also is the largest market in Europe in terms of meals served per day, and dining out among families and friends is common. In fact, full-service restaurant is more dominant in the market compared to that of the fast food providers. Another trend that has been rising in the market is the demand for prepared meals thus higher convenience. These opportunities can work in favor for Bibigo, as the company's overall purpose is to deliver healthy ethnic South Korean cuisine through various service options including full-service restaurant like the CSRs. Since the brand also offers take-out menus, it can also serve to meet the demand for convenience. Threats, however, may include growing presence of full-service restaurants that offer Mediterranean, Turkish, Arab, and Asian cuisines. Local competition may also be a challenge for know-hows possessed by various local restaurants, as well as for retailers offering premium ready meal options and packaged ethnic cuisine. The country also is related with higher operating cost. Bibigo should endeavor to find solutions to overcome and/or avoid such threats along with its weaknesses, which includes the company's lack of experience in the region and the possibility of its resources no longer being the competencies when transferred to German market.

6. Identify and evaluate Bibigo's target market. Should Bibigo continue to target such selection, or would it be revised? Provide reasons.

Bibigo's target markets differ according to regions where its stores are located in. For instance, Bibigo's UCLA store majorly targets students, whereas the Beijing store appeals to family unit consumers, and the Raffles City store aiming for office workers. Such segmentation seems logical, however, it may be suggested to broaden its focus and increase its appeal as "healthy and fresh". Hence, it may focus on general consumers that are health-conscious and value "wellbeing" lifestyle, through various marketing activities.

7. In the case of Bibigo's Singapore stores, how has the brand position itself in the market?

Inferring from the text, Bibigo's Singapore stores have uniquely positioned itself compared to its foreign subsidiaries. Through holding a major festival (i.e. MAMA), it has advanced itself as one of the landmark of "Korean Wave" inside Singapore. Then the restaurant used this as its point of differentiation to attract local customers.

8. Identify the major competitors of Bibigo in the countries where the brand currently operates in. How has Bibigo differentiated itself from such competition?

As an example, in the case of Bibigo's London store, its major competitor would be "Wagamama" a Japanese foodservice provider. It is a global brand that offers Japanese food in a contemporary environment (both take-out and dine-in like the Bibigo stores) throughout its stores in Europe, the US, and Oceania regions. The company provides various Asian cuisines. However, Bibigo differs itself by concentrating on Korean dish only, with lower and more affordable price range as well as providing the merit for consumers to customize their own menus.

9. To which countries should Bibigo continue its expansion? The East or the West? Provide reasons based on the benefits and costs for Bibigo in pursuing global strategy (e.g. Economies of scale, input costs, customers, etc.)

For instance, it would be relatively more beneficial for Bibigo to expand its market towards Eastern countries, thereby concentrating on Asia. Like in the case of China, operating in this country only would provide higher economies of scale due to its size and large number of populations. In fact, other Asian countries are also plausible for relatively lower input costs, as well as their being culturally close to that of South Korea's. On the other hand, European countries may be the example of Western region, however, they may be associated with higher input cost (e.g. land and labor), as well as more distant cultures.

Teaching Strategy and Class Learning using the Case

Following issues may be used as a footing to start a discussion on various concepts:

- Among international, multinational, and global strategy, which strategy can Bibigo be associated with? What would be the reasons for choosing such strategy?
- What is distinctive of Bibigo compared to other international foodservice providers? What can be the brand's point of differ-

entiation and values?

- Based on above points, suggest the brand's current position in a market (e.g. the United States) and provide a perceptual map.

Instructor may begin a discussion by raising questions regarding various global strategies available for firms trying to enter foreign markets. Once participants successfully identify all three alternatives (international, multinational and global), the instructor may then ask the participants to indicate under which Bibigo would fit into and provide reasons for the choice.

Further discussions may be conducted to analyze various competencies and capabilities of Bibigo in regards to the brand's domestic operations, and make comparisons with its overseas performances. Here, the instructor may use a Japanese foodservice provider "Wagamama" as an example, and encourage participants to list various points that are similar between two brands as well as to identify a unique selling point of Bibigo in the competition. Here, various features like Bibigo and South Korean culture, along with its services for customization may be discussed.

Based on discussions from above, the instructor can help participants to deepen their understanding about Bibigo as well as foodservice industry at the international level by comparing various providers across the world. Here, the instructor can provide a list of global foodservice providers along with the details and characteristics of these companies. Then, the participants may draw a perceptual map using these brands, with different values for the axes.

Epilogue

New challenges faced by CJ Group and future strategy

CJ Group has walked a long way to success, with consistent effort for diversification. Hence, the company has created many opportunities with Bibigo being one of the examples. In fact, the brand was the outcome of a careful observation over the world trend for changing consumer demands and increasing interest in ethnic food. Here, the achievements were represented by something more than just profit, but also the chance to spread the culture of South Korea at a global scale.

In May 2010, CJ Foodville launched 'Bibigo' as a global brand for serving Korean cuisines. "Bibimbab", a traditional plate served with rice, stir-fried meat, various herbs and garnish mixed thoroughly with red pepper paste, was chosen as the main menu of the brand for its nutritional values from fresh ingredients. In providing services, Bibigo chose to apply the "to-go" system for its familiarity to foreigners and provided various choices over ingredients to customize the dish to suit their tastes.

Currently, there are nine Bibigo stores op-

erating in South Korea, as well as five overseas stores located through out China, the United States, Singapore, and England. All of these stores are in the experiential stage, undergoing a consistent development. In fact, each store offers different menus to suit local tastes and preferences. For instance, Chinese consumers in general favor pork cuisine, thus the Beijing store now offers roast pork as an option along with other toppings like charcoaled meat, tofu and chicken breast. Furthermore, the brand has endeavored to increase the awareness of locals about the brand as well as Korean food. For instance, the L.A. store has been actively supporting local events such as UCLA marathon, and the LA County Gallery events for such reasons. The brand's effort to communicate with customers can also be witnessed in SNS, where it introduces its menu, provide information about various locations and events.