

# Entering the Finnish Food and Beverage market

Case company: Gong Cha bubble tea brand

## Abstract

Author(s) Do, Nguyen Nguyen, Anh	Type of publication Bachelor's thesis Number of pages 71	Published Autumn 2020
Title of publication <b>Entering the Finnish Food and Beverage market</b> Case: Gong Cha bubble tea brand		
Name of Degree Bachelor of Business Administration		
Abstract <p>Once making a big hit in Asia, bubble tea is becoming more and more popular in many countries around the world thanks to its unique and delicious taste. Finland is an open market for the product. Realizing the potential of the product, the thesis conducts researches regarding the Finnish Food and Beverage market to find out if Gong Cha could enter the market successfully.</p> <p>The research methods have been used in this study were quantitative and qualitative. Quantitative research is applied by using an online survey questionnaire on social media channels. Meanwhile, the qualitative technique is done by directly interviewing face-to-face selected people living in Finland. The questions are asked in the form of open-ended questions and organized, orchestrated in-depth questions, the script from the beginning.</p> <p>The study includes an overview of the case company and information regarding the Finnish market study by using tools in the following order: PESTEL analysis, Porter's five forces analysis, data analysis, and SWOT model. These help the thesis analyze the market's characteristics, case company's features and evaluate factors that matter to the market and the case company.</p> <p>The study shows the results that Finland is a potential market to open Gong Cha despite the competitiveness and risks that the business may face. Using the market analysis methods established and analyzed by the author, Gong Cha has more specific plans to take the exact further steps when deciding to enter the Finnish market.</p>		
Keywords Marketing, brand, Food and Beverage, potential market, bubble tea, market study, market entry		

## CONTENTS

1	INTRODUCTION .....	1
1.1	Background.....	1
1.2	Thesis Objectives and Research Questions and Limitations .....	2
1.3	Theoretical Framework .....	4
1.4	Research Methodology and Data Collection .....	6
1.5	Thesis Structure .....	9
2	RESEARCH THEORETICAL FRAMEWORK .....	12
2.1	Hollensen's five-stage decision model .....	12
2.2	PESTEL Analysis .....	14
2.3	Porter's five forces model.....	17
2.4	SWOT Analysis .....	19
3	CASE COMPANY: GONG CHA BUBBLE MILK TEA .....	21
3.1	Company Overview.....	21
3.2	Company Products.....	23
4	EMPIRICAL RESEARCH AND DATA ANALYSIS .....	25
4.1	Finland as a target market .....	25
4.1.1	PESTEL Analysis.....	25
4.1.2	Porter's Five Forces Analysis.....	32
4.1.3	Competition.....	37
4.2	Data Analysis .....	39
4.2.1	Data Collection.....	39
4.2.2	Data Analysis .....	40
5	CONCLUSION .....	52
5.1	Answers for Research Questions.....	52
5.2	Validity and Reliability .....	54
5.3	Suggestions for Further Questions.....	55
6	SUMMARY .....	56
	LIST OF REFERENCES .....	58
	APPENDICES .....	67

## 1 INTRODUCTION

### 1.1 Background

Born and raised in Vietnam, the authors are familiar with Asian drinks such as coconut coffee, herbal tea, banana milk, and especially bubble tea, since it is the second-highest consumed beverage in Vietnam. (National Economics University 2019.) People have been familiar with both tea and drinks for ages. However, they have been mixed recently, making a new drink called bubble tea. This becomes a “fever” in the Vietnamese young generation. Not only do young people enjoy the taste of bubble milk tea, but the elders also love the delicious taste of this sweet treat. The fatty taste of milk and real tea’s aroma make people fall for it from the first sips.

Bubble tea is known to be originated in Taiwan in the early 1980s. Liu Han Chieh, a teahouse owner, came up with the idea of adding ice to tea after he visited Japan and witnessing the coffee served cold there. Then, in 1988, Ms. Lin Hsiu, a teahouse product development manager, accidentally poured the tapioca into her cup of Assam tea in a meeting. Every staff member in the company surprisingly loved the drink then added it to the menu immediately. Lin said that bubble tea accounted for 80 to 90 percent of the teahouse sales. Taiwanese were proud of creating that drink. (Chang 2017.)

Bubble tea is a unique beverage with sound health effects (with a proper amount) thanks to the antioxidants in tea combined with fats and proteins in milk. Bubble tea also reportedly provides the body with a small number of essential vitamins and minerals such as zinc, copper, selenium, and manganese. (Patil 2019.) In many countries, bubble tea has been around for a long time and loved by the young and older generations. However, bubble tea is a new product in the Finnish market.

Back in the days, the authors set their first steps in Finland for further study. When they craved bubble tea, it was nowhere to be found because of its not existing in the country's market. However, after three years, the authors witnessed a considerable change in the market. There are more and more bubble tea shops opened in big cities and welcomed by not only Asian but also a native citizen.

Nowadays, there are more and more immigrants in Finland. Twenty-five percent of them are Asians (14 402 out of 57 607). (Hiekkavuo 2016.) Asian citizens bring their traditional culture to Finland and introduce their food and drinks to their foreign friends. It cannot be denied that bubble tea is one of the most favorite drinks at an affordable price among Asian youngsters, so it is also becoming more recognized in the Finnish market. Therefore, there would be an influence on the Finnish Food and Beverage (F&B) market more or less. Research shows that Europe would witness a dramatic growth in the bubble tea market for 2020-2027, registering a compound annual growth rate (CAGR) of 8.7% during the research period. (Sangwai & Deshmukh 2020.) The authors have observed numerous small bubble tea stores in big cities in Finland, namely Helsinki, Turku, and Tampere.

The thesis chooses Gong Cha, a Taiwan bubble tea brand to be the case company. In Chinese, the term Gong Cha refers to royal tea. The company was established in Taiwan in 2006. The number of Gong Cha stores has reached over 1500 in more than 20 countries and continues to expand rapidly. Gong Cha has become popular with customers around the world as a high-quality bubble milk tea brand. Customers love the exclusive Taiwanese identity-bearing service and products. The brand name Gong Cha has been widely circulated and become one of the most trusted tea brands worldwide. Apart from bubble tea, Gong Cha also serves tea, coffee, and juice to satisfy different demands. (Gong Cha 2020.)

The authors believe that the Finnish young consumers and the Finnish market are becoming more promising for this Asian sweet treat. Therefore, this research is conducted to determine if Finland would be an attractive target market for the Gong Cha bubble tea brand.

## 1.2 Thesis Objectives and Research Questions and Limitations

The primary objective of the thesis is to analyze the potential of bubble tea products in the Finnish F&B market, especially among the young generation (meaning people from 16 to 35 years old). Then, research is done to help the case company have a clear view of Finland in terms of culture, economy, customer habits, social trends. For this reason, the thesis is to develop market research for Gong Cha's entrance to Finland.

To make it easier for Gong Cha to enter the Finnish market, the thesis needs to develop an effective question system. The question system includes the main question, supported by some other sub-questions that helps the study achieve the objectives.

The key research question is:

Is Finland a potential target market for Gong Cha?

The thesis uses the sub-questions to assist in finding the answer to the research key question:

Sub-question 1: What are the current beverage trends in Finland?

Sub-question 2: How competitive is the Finnish F&B market?

Sub-question 3: Who are the case company's main competitors?

Sub-question 4: Is the young generation Gong Cha's right target market?

Sub-question 5: What are the possible risks when Gong Cha enters the Finnish market?

By answering these questions as mentioned above, the authors will have a clearer view of the Finnish F&B market, especially factors that affect the market. Thus, the case company will understand their target market, what they should and should not do to enter the Finnish market successfully.

#### Thesis Scope and Limitation

Nowadays, people's lives have improved thanks to the advancement of science and technology. Up to now, they are looking for higher enjoyments to fulfill their needs. (Kullabs 2020.) Among those demands, newer and stricter requirements for taste, relaxation, and entertainment have become an indispensable part of people. In recent years, the government's scholarship policy has attracted more international students all around the world come to Finland. (Hudd 2018.) Therefore, cultural immersion in Finland, especially Asian culture has been increasing due to the diversity of immigrants' nationalities. (Statista 2020.) The topic's scope is to find out and consider whether Finland is a suitable market to make Gong Cha the first Asian bubble milk tea store in Northern Europe.

However, this thesis focuses on young buyers including foreigners, and local citizens living in Finland.

There will be limitations in every study. Two of the main limitations are geography and industry. Firstly, when it comes to geography, Finnish is the target market which the research is going to analyze. Therefore, the research will focus exclusively on the Finnish market only. It will not be applied for researching foreign markets. Secondly, the thesis researches the Food and Beverage industry specifically the bubble tea market. Thus, all the references, figures, or related information will belong to the Food and Beverage industry. The research concentrates on the Food and Beverage market in Finland as the title of the thesis has given.

### 1.3 Theoretical Framework

Going international is challenging for every firm. As abovementioned, the thesis's main purpose is to do market analysis, which can help the case company determine whether to enter the Finnish market or not. To successfully approach a new market, they need an internationalization plan with detailed and up-to-date information about the country. Thus, for a study to have a significant research process, it has to apply appropriate knowledge. This study uses Svend Hollensen's five-stage decision model as a primary framework. Svend Hollensen's research brings a straightforward decision-oriented approach with five major decisions that companies have to make before internationalizing. The figure below illustrates Hollensen's five-stage decision model.

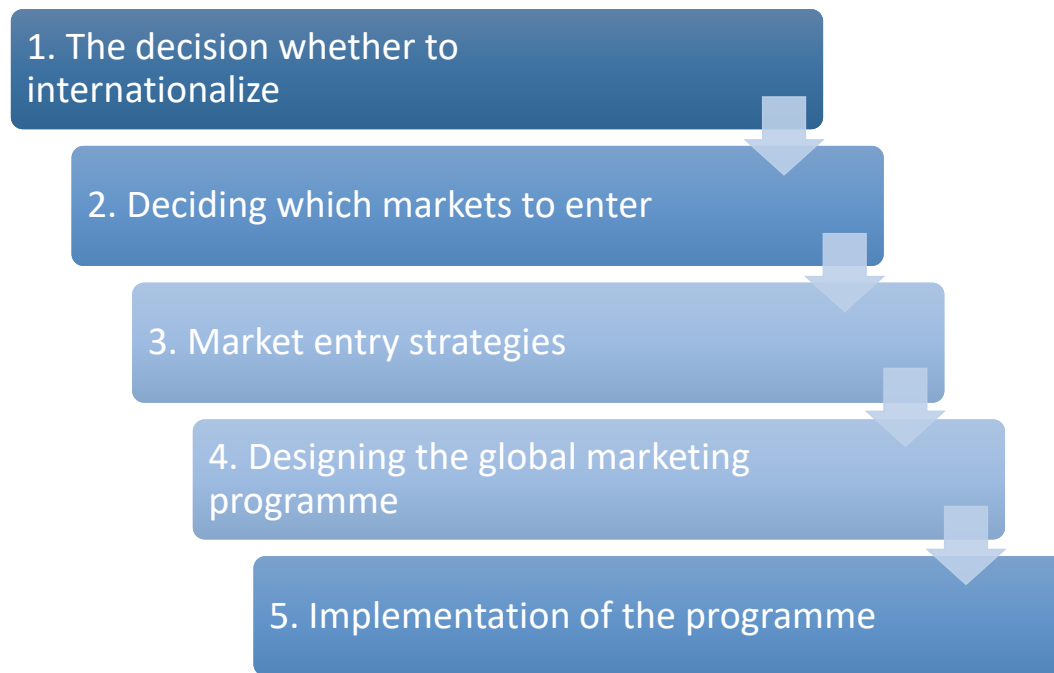


Figure 1 Five-stage decision model in global marketing (Adapted from Hollensen 2011, 7)

Hollensen's five-stage decision model will be described in more detail in the next chapter. In this study, the authors concentrate on step 2 – which market to enter to find out whether Finland would be a potential target market for the case company.

Besides Hollensen's five-stage decision model as a backbone, the thesis also performs situational consideration, including external and internal analysis. In the external analysis, PESTEL analysis about the foreign market macro-environment, Porter's five forces analysis (industry-level study), which is about foreign market microenvironment. Porter's five forces model provides companies with information regarding the industry's market size and competition. The model helps explain the current competitive position of the company and the position it wishes to pursue in the future. (Porter 2008, 79-93.) According to Porter, the market level of competition in every industry is affected by five factors as shown in the following figure.





Figure 2 Porter's five forces model (adapted from Porter 2008, 78-93)

Additionally, the authors use another business analysis tool, namely the SWOT matrix. While SWOT analysis combines the firm's internal and external factors, PESTEL tells the outer points (Parrish 2016). The authors apply SWOT and PESTEL analysis for a closer approach to the market.

#### 1.4 Research Methodology and Data Collection

The following graph is the elementary illustration of this thesis.



Figure 3 Research methodology and Data Collection of the thesis

## Research Approach

According to Saunders et al. (2007, 117), deductive reasoning and inductive reasoning are two approaches to conduct scientific research. With deductive reasoning, a researcher tests a hypothesis by gathering and examining experimental evidence to prove it. With inductive reasoning, researchers first collect and analyze data and then build an approach to explain the findings.

The inductive approach begins with observations and ideas without mentioning any theories or hypotheses. Researchers, after that, look for a pattern to observe then make generalizations about its characteristics as a conclusion. (Goddard & Melville 2004.) The inductive method goes from bottom to top, referred to as the hill-climbing model.

According to Wilson (2010, 7), the deductive approach is the development of a hypothesis basing on current ideas and concepts. Afterward, researchers develop an analytical approach to verify the assumption. The figure below illustrates the deductive research approach.

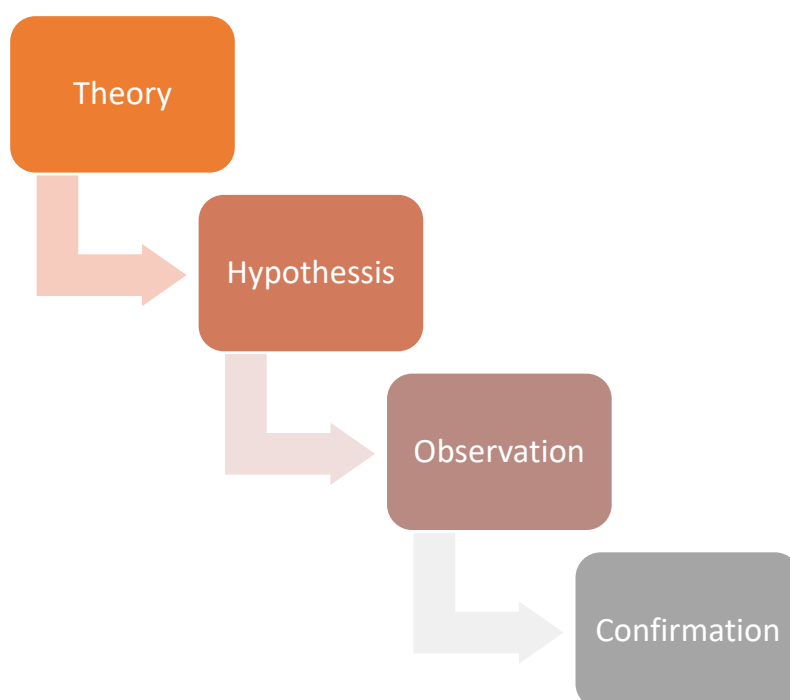


Figure 4 Deductive research approach

The method of deduction is a form of argument whose purpose is to conclude. The conclusion is necessarily a consequence of the reasons mentioned above. These

reasons lead to findings and present them through concrete evidence. For a deductive inference to be accurate, it must satisfy two conditions which are sound and valid. (Knachel 2020.)

- A given premise for a conclusion model must be faithful to the real world (sound).
- Conclusions must follow the premise (validity).

Two elements affect whether an approach is suitable for research, namely: the research's nature and the time spending on analysis execution. (Saunders, Lewis & Thornhill 2012, 148.) The authors conduct the study to assess the Finnish market and calculate its potential for Gong Cha company. The study is carried out within two months. The deductive approach is ideal for this thesis because of these two features.

### **Research methodology**

According to Saunders et al. (2012, 162), qualitative and quantitative are the two popular and effective research methods. To formulate a hypothesis, the qualitative method begins with observing and evaluating evidence while the quantitative approach works the other way round. (Newman & Ridenour 1998, 3.)

The quantitative approach looks at phenomena in a measurable way of study objects. It is suitable for analyzing statistics, detail, or elements presented numerically. (Sheard 2018, 431.) Besides, the qualitative method emphasizes terms and abstracts meaning rather than numbers because its concerns focus on the experience of the object to examine opinions, perceptions, and beliefs. (Bhandari 2020.)

The thesis aims to analyze the Finnish F&B market to clarify if this is a potential market for Gong Cha. The research works on the information, including people's attitudes, interests, and behaviors towards a reasonably new drink in the market, which is bubble tea and personal expenses on drinks. Therefore, the data collection system comprises both text and statistics. Thus, the writers apply both quantitative and qualitative methods in the thesis. Besides, reputable printed and online sources, namely report statistics, articles are utilized.

### **Data Collection**

Data is generally classified into two different categories, namely primary and secondary data. These kinds of data are distinguished according to the way they are collected. Primary data is data that is not yet available, collected directly from research subjects, and managed by researchers themselves. (Kovalainen & Eriksson 2008, 77-80.) Therefore, the primary data helps the researcher go deeply into research purposes and understand the study's objects. The primary data has the advantage of high accuracy, being up-to-date. However, since it is collected directly from the researchers, it could take much time and money. On the contrary, secondary information is the data that is published or conducted by others. (Kovalainen & Eriksson, 2008, 77-80.) Secondary data usually appears in newspapers, books, on the Internet. While using secondary data, researchers have to look for reliable sources.

In this thesis, the authors employ both primary and secondary data. Primary data is collected from a survey mainly focusing on youngsters in Finland. Additionally, interviews with two Finnish consumers undertaken by the authors are carried out. Secondary information is applied by referring to public sources such as articles, books, online sources, and knowledge from lectures.

## 1.5 Thesis Structure

This thesis aims to clearly define the objectives and titles of each section, making them more receptive to a specific field. This research is divided into six chapters. Each chapter has relevant foundations and arguments to add to their clarification. The study research structure is described in the figure below.

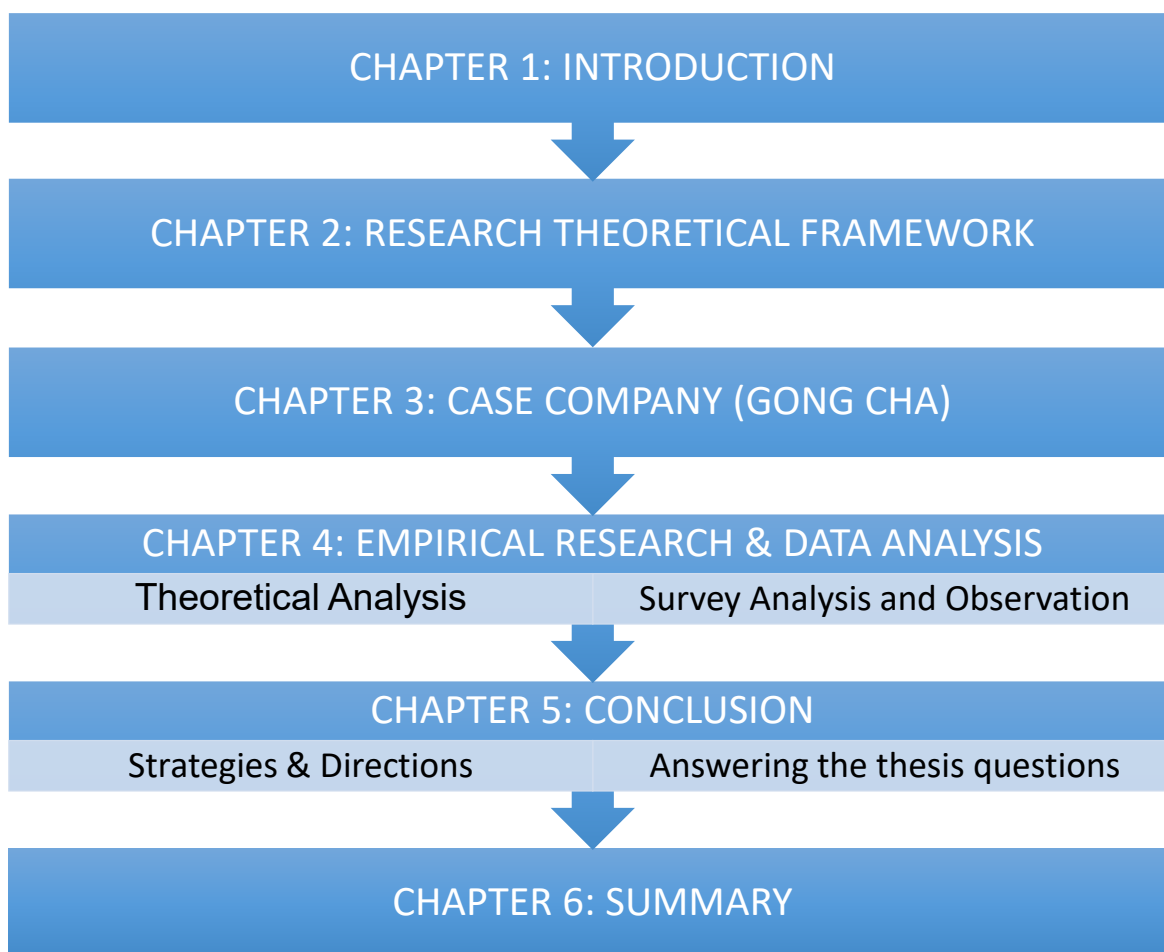


Figure 5 Research structure

**Chapter one** briefly introduces the background of the thesis, the thesis objectives and the research question, and limitations. Also, practical research methods used in the thesis and how to aggregate data are described. Moreover, the theoretical framework is an indispensable part to help readers figure out what knowledge and model will be used in the next chapter.

**Chapter two** will focus on the fundamental models and tools helping understand how the case company can enter the Finnish F&B market. The thesis does market analysis to identify the factors that need paying attention to when entering a business. Thence, the result will show if the target market is relevant to the brand or not.

**Chapter three** will briefly introduce Gong Cha as the case company. Its history, development, expansion, and the beverages that the brand serves are described. It explains how Gong Cha becomes one of the most popular and favorite bubble milk tea brands worldwide.

**Chapter four** deals with empirical research, which is about the practical experience, lessons, and theoretical analysis that the thesis has gathered from the previous chapters. Then, the information is applied to the case company. Also, data sources from both online surveys and interviews, both English and Finnish versions, are provided to reinforce the authors' writing firmly. Thus, the research will become practical and in-depth, giving readers a better overview of all aspects.

**Chapter five** collects the information searched and gathered from previous studies, thereby proposing the most suitable strategies and directions for the Gong Cha bubble milk tea brand in Finland. It thereby answers the central question of the thesis: Is the Finnish market right to enter and open a Gong Cha bubble milk tea store.

**Chapter six** briefly summarizes the main points of the research and its content for readers. This is the last chapter of the thesis.

## 2 RESEARCH THEORETICAL FRAMEWORK

For a company to succeed, market analysis plays an essential part in formulating a business plan. Market analysis is the process of analyzing information about the factors that make up the market. Its purpose is to find out the laws of movement and factors affecting the market to build on that business strategy. Market analysis is an element of marketing research being used to ascertain the characteristics and size of a particular market. By analyzing a market carefully, the researchers can tackle the market opportunities and challenges. (IONOS 2018.)

The goal of market research is to decode the behavior of the focus audience, helping businesses operate more efficiently. Market analysis can be utilized as a tool to investigate a brand new market, then decide if it is beneficial to enter that country.

### 2.1 Hollensen's five-stage decision model

According to Hollensen (2010,19), Hollensen's five-stage decision model refers to a structured method involving the evaluation of internal resources and a company's opportunity in a market. It includes the establishment of marketing goals and the preparation for implementing the international marketing mix. The model is commonly used as a tool for creating a global business plan.

#### **Stage 1: The decision whether to internationalize**

In the first step, the model clarifies if the company should go abroad or had better stay domestically. The marketers evaluate the chance of the firm by analyzing internal activities and locating the company's position in the market compared with existing opponents in the same industry. The stage gives researchers tools to understand important global aspects that a company should know before internationalization. (Hollensen 2012, 3.) By doing this step, a company knows its possibility of entrance to a new market.

#### **Stage 2: Deciding which market to enter**

In the second step, the firm launches further investigation on external aspects affecting its internationalization process. Three factors have the greatest impact on the company's decision namely political factor, economic factor, and socio-cultural

factor. These are important elements that tell if a country is the right market for a company. (Hollensen 2012, 117.) They should select the appropriate destination with suitable characteristics to succeed.

### **Stage 3: Market entry strategies**

The business attempts to decide the right way to reach a suitable market at this point. The entrance into the market represents a primary but crucial step since it will direct an organization's global business activities to accomplish feasible development in the world market. (Root 1994, 22.) Each mode has different advantages and disadvantages with different levels of hazards, powers, and efficiency. There is no ideal mode for every company, and there is no ideal mode for a specific market. Choosing the appropriate entry strategy depends on the company itself. (Hollensen 2012, 216-217.) Examining the indicated factors helps the company find the right strategy for its entrance.

### **Stage 4: Designing a global marketing program**

The company should analyze different aspects affecting its opportunities in the international market in this step. (Hollensen 2012, 311.) The 4Ps and 7Ps marketing mix is usually used as effective tools to design a marketing program. 4Ps model includes products, price, promotion, and place, while in 7Ps, participants, physical evidence, and process are added. (Smith 2020.)

### **Stage 5: Implementation of the global marketing program**

Different from other steps, which are about the set-up necessary to conduct global marketing activities, this stage focuses on the implementation and the coordination process. Only by well adapting to business partners and situations can a company succeed internationally. In this stage, marketers learn how to handle the different cultural backgrounds of their partners, how to transfer the knowledge, and to communicate across borders effectively for the best outcome. (Hollensen 2011, 655.)

As mentioned above, the authors utilize Hollensen's five-stage model as the main concept to form the thesis. However, to keep the study clear and concentrated, the thesis will focus on the second stage. By analyzing the second stage, the study can provide research results about the Finnish F&B industry to the case company. In this step, the study examines the situational analysis, especially by analyzing



the business environment and market entry decision. According to Hollensen (2011), the second stage needs to present information about market potential, local competitiveness, political risks, trade barriers, and cultural distance to the potential market. Besides the five-stage decision model in global marketing as the main literature, the authors also apply other analyzing tools namely Porter's five forces analysis, PESTEL analysis, and SWOT analysis. These are popular tools for market study. While PESTEL analysis affords evidence at the country level, Porter's five forces clarify the market at the industry level, SWOT analysis gives a clear view of the case company internally and combining the external environment.

## 2.2 PESTEL Analysis

PEST model is known to be created in 1967, by a famous management professor directly under Harvard University namely Francis J. Aguilar. He developed this tool to study the factors in the macro-environment to come up with appropriate policies in developing a business. (Marmol et al. 2015, 5.) After that, E and L, which stand for Environmental and Legal, were added that made the PESTEL model we use nowadays.

PESTEL is a tool to realize and identify the potentiality of threats and opportunities factors in the business market. Also, it can be used to analyze the target market. (Perera 2017, 5). Companies can make policies about limiting as well as expanding its market reach. The company has to analyze six factors that directly influence the analysis, namely Political, Economic, Social, Technological, Legal, and Environmental. (Grant 2004, 304.) Companies are objectively suffered from these external elements. Figure 6 is a demonstration of the PESTEL analysis model.

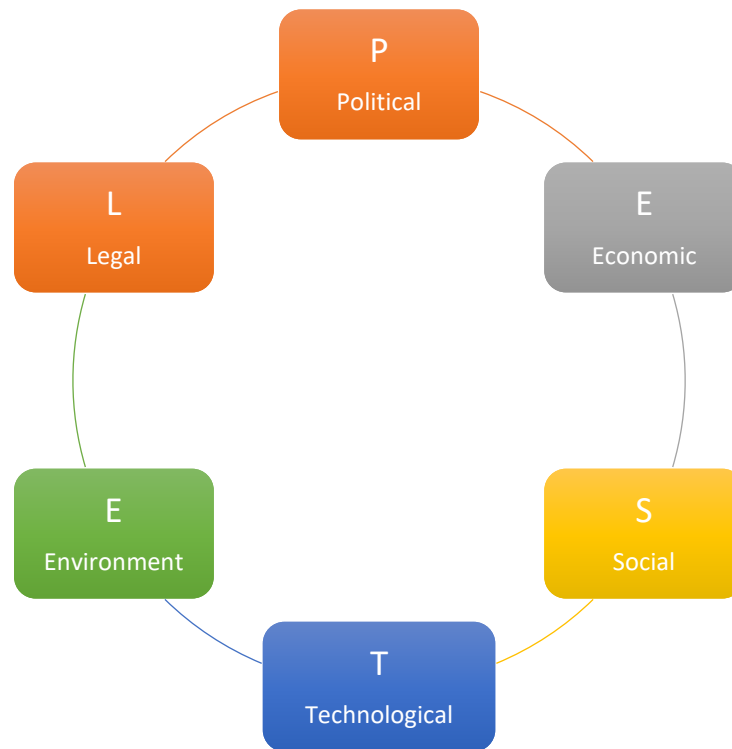


Figure 6 PESTEL Analysis model

### **Political factors**

Political factors, government rules, and regulations can affect the performance of an entity. Political factors can be attributed to government policy, laws, governance, and transition, war, terrorism and conflict, elections and democratic developments, global trends, domestic politics. Political factors cover areas such as health, accommodations, and utilities, education, finance, construction, which are related to the development of a country, government presence, and intervention. (Marmol et al 2015, 7.)

### **Economic factors**

As far as economics is concerned, businesses would take the same approach to evaluate the global situation both inside and outside. The organization evaluates the feasibility of the project as well as internal considerations. Accounting methods and financial structures may also be used for the same purpose in this situation. (Marmol et al. 2015, 8.) The government's economic factors are included taxation, profits, inflations, minimum wages, working hours, financial stability, resources,

economic growth trends, the ratio of GDP (Gross Domestic Product) to invested capital.

### **Social factors**

Social factors are points that influence culture and society. The business should consider the typical challenges people encounter as well as the benefits they have in the field of operation of the company. Social factors also have a huge effect on people's perceptions of the business. It may be listed such as media and advertisement, consumer trends, events, company image, and company personal branding.

The variation in the workforce of the areas the company operates, and their preferences, lifestyle, and attitudes are also an important feature. The company can save financial resources and achieve strategic goals by accurately analyzing aspects to adapt to the company's operations. (Marmol et al. 2015, 8.)

### **Technological factors**

The technological factor is an aspect to consider when performing model analysis. Technology will quickly be replaced by a more disruptive innovation in a short period. Applying this method, the company will find a technical orientation suitable to the company and also suitable for the technical needs of the current market.

Technological factors often affect the price and quality of a product. It also greatly affects the productivity of a company's products. Moreover, the technological development of a rival company is also a barrier but also an advantage for the company to always innovate and develop with the times. (Marmol et al 2015, 8-9.)

### **Environmental factors**

Environmental factors are about environmental issues within the target market. A company should have a clear awareness of the environment and geographical location in which it operates. This factor will help the company to define how the environmental aspects will positively and negatively affect the company.

Regional temperature, monsoons, and natural disasters are natural factors based on each region of each country and territory. When researching a geographic location to decide which natural resources a company will have conditions to develop

and benefit from, it is one of the aspects that require a company to analyze carefully to have optimized environmental resources. (Marmol et al. 2015, 9.)

### **Legal factors**

The legal factor requires a company to analyze both outside and inside of its organization. The most outstanding aspects of the company are imports and exports, employment, and taxes. Not only domestic law but also some foreign laws may affect business operation. Some legal factors are mentioned such as competition regulations, tax regulations, health and safety regulations, management regulations, etc. (Marmol et al. 2015, 9.)

### 2.3 Porter's five forces model

This model is considered a functional and easy to use means that help figure out the competitiveness of a business environment and anticipate the potential profitability of the business. (Scott 2020.) Both domestic and international firms utilize this model to examine if a specific market is suitable for them to enter. Every market is influenced by the following aspects: the degree of rivalry, the power of buyers, the power of suppliers, the threat of substitutes, and the threat of new entrants. (Kenton 2019.)

#### **The degree of rivalry**

The first force illustrates the number of opponents in the same industry and the potential damage they could do to the company. More rivals are meaning that more products and services will appear in the market. This will negatively affect the power of the firm in the industry. Then, manufacturers and suppliers can choose to cooperate with the company from which they can generate more profits. (Porter 2008, 78-93.) The more rivals in the market, the less power a firm has.

#### **The power of suppliers**

The next point is about the supplier's power which is affected by the number of suppliers in the same market, the quality of service and products they offer, and the cost if a company changes its supplier. The fewer suppliers in an industry, the greater reliance on the market on the supplier. Therefore, the sellers can monitor the price and other points in the trade agreement. Contrarily, a market having

many suppliers lessens the power of sellers and the company can keep their input price lower, generating higher income. (Porter 2008, 78-93.)

### **The power of customers**

Similarly, the number of customers a company has affects the power of customers strongly. Also, the magnitude of the customers, the expense of attracting new buyers influence the customers' power. Customers have strong impacts when few customers are holding a significant share of the market. That is considered a small but strong client base where customers can benefit from cheaper prices with better service. (Scott 2020.)

### **The threat of substitutes**

The substitute products can be seen as a threat to a company's operation in the same industry. The substitute products compete with each other by consumer satisfaction through the features and benefits of the same product but at a lower price. The technology becomes more modern, there are increased substitute products on the market. Substitute products are considered dangerous when they have superior features and functionality than older products at a lower selling price. The existence of substitute products prevents an enterprise from increasing the price of a product in the market when they are forced to compete to survive. (Porter 2008, 78- 93.) In a company, a good marketing strategy is considered a long-term strategy when it mentions the dangers of substitute products that are available and will be on the market.

### **The threat of new entrants**

The probability of a new company coming to a specific market influence the power of firms in the same market. If a market has strict requirements and barriers, it is more difficult for a new company to enter. A firm that already in that market can benefit from this because they can sell products at a higher price and receive better deals. On the other hand, the easier an industry is to enter, the higher level of threat of new entrants a company faces. (Scott 2020.)

## 2.4 SWOT Analysis

SWOT analysis (as shown in Figure 7) is one of the five steps in forming an enterprise's business strategy. (Ferrell & Hartline 2008, 117.) Not only does it help the firm formulate national strategic plans, but it also plays a major role in designing foreign business strategies to ensure the sustainability of the company. A SWOT diagram analyzes a plan or business project by focusing on each of these factors (Westwood 2006, 27). It consists of four boxes, one for each area.



Figure 7 SWOT Matrix (Adapted from Mind Tools 2020)

Strengths factor helps identify the parts of the company that are doing well. These are the critical success factors aspects of the business that are strong and give the company a competitive advantage. Also, researchers need to consider the benefits of both the insider's perspective, the client's, and industry peers. In other words, strength is the company's advantage, business, project, product. These must be unique, outstanding traits when compared to the competitors. (Mind Tools 2020.)

Besides strengths, weaknesses are points that need to be taken into consideration. The weakness is what the company did not do well. Weaknesses are problems that exist within people or organizations. Instead, they obstruct the business way of achieving the goal. By looking directly at the truth, realizing the limitations, managers would see the weaknesses of the business to find a solution

to overcome. Additionally, weaknesses might not be seen at present, but they can be predicted. To avoid a negative situation, the sooner a company anticipates the weaknesses, the better it is. (Mind Tools 2020.)

Furthermore, Opportunities are factors that need taking into account. Since this is an external factor, it affects the business in some ways, which could be either positive or negative. These opportunities are caused by external factors such as market fluctuations and trends. Also, by answering the question “What external environmental impacts will take effect on the business?”, researchers can see the changes at an early stage and take advantage to improve the business. (Mind Tools 2020.)

Threats are essential points that need mentioning. These may be the elements that harm the business not only at present but also in the future. Market fluctuations, regulations, public perception are all external factors that may negatively affect a business. It is recommended that a company takes a closer look at its weaknesses to forecast potential threats. (Mind Tools 2020.)

### 3 CASE COMPANY: GONG CHA BUBBLE MILK TEA

#### 3.1 Company Overview

Bubble milk tea is a drink that is familiar to today's young people. In the past few years, thanks to the wave of Taiwanese bubble milk tea from Asia, many countries outside of Asia have explored and opened their own bubble milk tea brands such as America, Oceania, Europe. (Tu 2020.) Additionally, they acquired to grant franchises from one of the famous bubble tea brands in Asian countries. Among those renowned brands, Gong Cha is one of the most outstanding. Gong Cha is a popular brand from Taiwan. Due to the difference in taste and drinking habits, Gong Cha is not yet as well-known in the European market as it is in Asian countries. However, studies are showing that bubble tea is becoming more famous in Western countries. (Wong 2020.) Consequently, Gong Cha is a promising brand to enter the Finnish market.

Gong Cha is developed as a global franchise. (Pilon 2020.) Established in 2006, Gong Cha is a famous franchising brand with the first store located in Kaohsiung, Taiwan and that is also its headquarters. (Gong Cha 2020.) Gong Cha is known for its taste and is highly regarded by customers thanks to the products and services. Nowadays, Gong Cha has opened in more than 20 regions all over the world and that number of opened stores will increase soon. (Gong Cha 2020.)

In 2011, Taiwan had a big food scandal. The Taiwan Food and Drug Administration has found numerous stores having added di(2-Ethylhexyl) phthalate (DEHP) and di-iso-nonyl phthalate (DiNP) plasticizers to their drinks as a clouding agent to add appearance and appeal to the drink. (Science Direct 2020.) In that year, 965 products were found to contain toxic substances by the Taiwan Food Safety Bureau. They were exported to 22 other countries (Science Direct 2020.) During that attention, Gong Cha brought all the brand's products to the laboratory and tested them. The result was concluded that the products did not contain DEHP, an additive that's harmful to health. Gong Cha has completely demonstrated the transparency of the brand during that sensitive time and received the public trust. However, the scandal had a heavy influence on the company's sales and finance. The brand proves its strength once again by getting approval from TA Associates to provide investment for the Gong Cha brand in



2019. (Gong Cha Panorama 2020.) So far, the financial issue and the brand's credibility have been solid, and Gong Cha has grown steadily around the world.

When it comes to Gong Cha's revenue, Gong Cha USA's revenue can be considered the typical stores. In recent years, especially from the second quarter of 2019 to the fourth quarter of 2020, it has been averaged between 20 million dollars and reached a peak of 24.4 million dollars. Unfortunately, due to the global Corona pandemic already happening, the economy is in serious decline, especially in the restaurant and service sectors. Sales of Gong Cha for the first quarter of 2020 plummeted when it was only 12.2 million dollars, reduced nearly a half when comparing to the average revenue of Gong Cha. It is a big blow to the business when revenue drops significantly. After that, from the second quarter to the fourth quarter, revenue has stabilized at 22 million dollars per quarter.

(Zoominfo 2020.)

Gong Cha is a noun used to refer to "tribute tea for the Emperor" in ancient China. (Gong Cha GA, USA 2020.) The tea leaves presented to the king must be the freshest, finest, and most valuable of all the tea harvested at that time. Therefore, to maintain the core values of the brand, Gong Cha bubble tea has used the freshest tea leaves to make delicious teacups for customers. Not only that, tea quality always comes with very psychological customer care, ensuring that customers will always be satisfied when they come to enjoy tea at Gong Cha. From these things, Gong Cha has become a sustainable brand, stable against the competition of rival brands in the market. The figure below illustrates how Gong Cha makes tea.

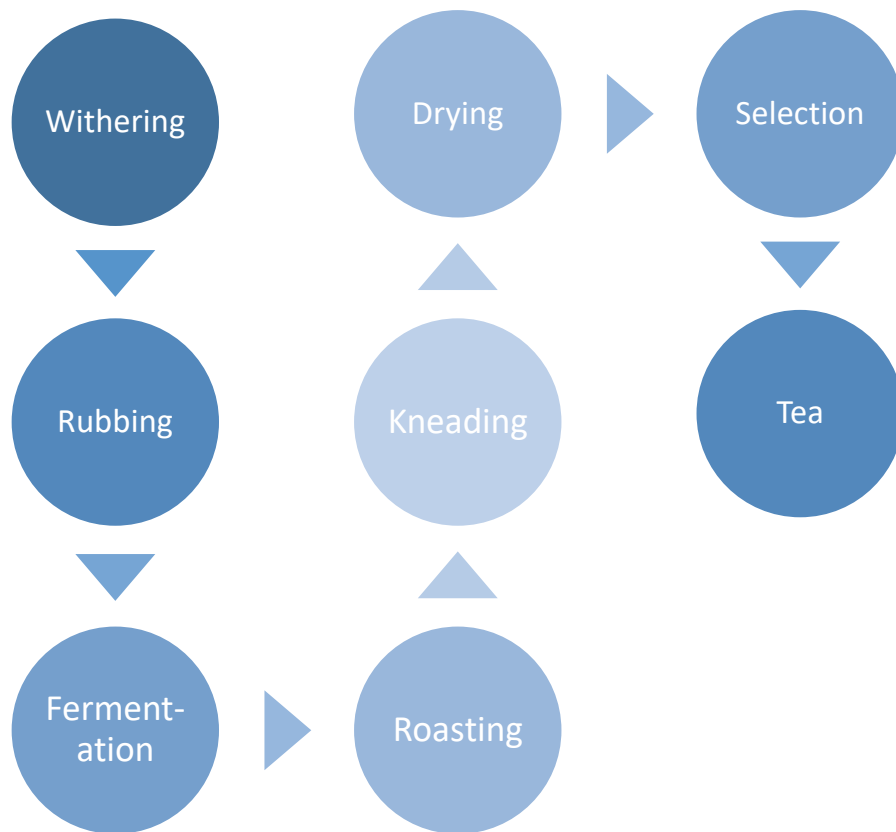


Figure 8 Tea making process (adapted from Gong Cha USA 2020)

In addition to the satisfaction assessed by customers about its service, Gong Cha also follows strict rules to keep the freshness and quality of each beverage and toppings. Fresh tea and pearl (tapioca) are changed every four hours maximum, tea leaves are selected from the best tea sources from Taiwan, close inspection of all incoming ingredients. (Gong Cha GA, USA 2020.) The strict processes of purifying and producing the tea leave to make premium products are important. A cup of tea is considered delicious when customers can feel the taste of tea in it. Gong Cha has done that and touched the hearts of customers for over a decade.

### 3.2 Company Products

When it comes to Gong Cha, the outstanding feature is the menu with different kinds of beverages. Gong Cha serves the customer not only bubble tea but also other drinks for example pure tea and coffee to meet the requirement of different customer's tastes. Gong Cha's current menus in each city are different, offering

brand-specific flavors that are opened in each city as well as to suit the preferences and needs of customers in each region. The table below is a typical menu of the Gong Cha bubble tea store. It is diverse with 8 mains sections as follows.

Table 1 Gong Cha's common menu (adapted from Gong Cha 2020)

<p><b>GONG CHA's MENU SERIES</b></p>	<ul style="list-style-type: none"> <li>• Milk drink series</li> <li>• Milk foam series</li> <li>• Milk tea series</li> <li>• Brewed tea series</li> <li>• Creative mixed series</li> <li>• Ice smoothies series</li> <li>• Coffee series</li> <li>• Toppings</li> </ul>
--	---

Having diverse toppings is an advantage of Gong Cha compared to other brands. It is an important thing to increase the flavor of bubble tea. At present, the topping is diversified and plentiful, including some typical types such as black bubble pearl, white bubble pearl, aloe vera, red bean, milk foam. What is unique about Gong Cha is that the drink is updated according to the world's trends year by year. This makes Gong Cha the trend-leading brand in today's beverage industry and will not be left behind compared to other competitors bubble tea brands. Not only are they famous for the signature bubble milk tea menu, but Gong Cha also has exotic seasonal menus. In the summer, there will be a drink menu of tropical fruits served with suitable colors and flavors for summer. In the winter, the brand will offer a diverse menu of hot drinks suitable for the climate of each region and each country. (Gong Cha 2020.) Gong cha also has a selection of drinks for each favorite fruit such as strawberry, mango, and lychee, depending on the preference of the consumer. Hence, Gong cha is known to be a customer-centric brand because Gong cha focuses on consumer psychology, bringing customer satisfaction.

## 4 EMPIRICAL RESEARCH AND DATA ANALYSIS

### 4.1 Finland as a target market

Gong Cha wants to bring high-quality products into the Finnish market as well as expanding its brand to become the first Gong cha store in Northern Europe. Therefore, the goal of this chapter is to consider if Finland is a potential market by using market analysis tools. PESTEL analysis is a tool for macroeconomic environmental analysis. Through PESTEL analysis, a company can research its surroundings to see its potential in the country. Meanwhile, Porter's Five Forces Analysis is a comparative strategy that helps the company determine how competitive the industry is, along with the strengths and weaknesses of the market, thereby finding development direction for its products. This model can also be used to find profits and potential in any segment of the economy. SWOT will also be used in this research to analyze investment objectives and identify objective and subjective factors that greatly affect the construction and development process. All of the above analyses contribute to promoting creativity and development in each business to compete fairly with competitors. Therefore, competitors are an indispensable part of business strategy.

#### 4.1.1 PESTEL Analysis

The figure below illustrates the main characteristics of Finland as a new market for the case company.

Table 2 Finnish market's main characteristics

External factors	Main Characteristics
<b>Political</b>	<ul style="list-style-type: none"> <li>• Parliamentary democracy</li> <li>• Free Trade area</li> <li>• VAT (Value Added Tax) is at the standard rate</li> <li>• Low political risk</li> <li>• Attractive business environment</li> </ul>

<b>Economical</b>	Highly industrialized High GDP level Euro as official currency Potential consumer confidence Shrinking due to the Coronavirus pandemic
<b>Social</b>	Low & aging population Helsinki Metropolitan as the most populous area Tend to drink outside
<b>Technological</b>	Technologic leader of Europe Large internet users Invest highly in R&D
<b>Environmental</b>	Dark & long winter Among the world's cleanest countries sufficient fund for the environment
<b>Legal</b>	Civil law Most common business form: private limited liability Strict employment legislation

## Political factors

Being a parliamentary republic country, Finland used to conduct a semi-presidential parliamentary system. However, according to the 1999 Constitution and the 2012 Constitutional amendments, Finland is now a parliamentary democracy with local governments locating in 310 municipalities. (European Committee of the Regions 2020.)

Finland became a European Union (EU) 's member in January 1995 and has stayed until now. Thus, the country follows all the regulations and laws of the EU, including the fact that it is also in the free trade area. (Hakkala & Kaitila 2019.)

International and domestic investors are handled similarly by the Finnish government. The tariff in EU countries, including Finland, is approximately 1.8 percent. (The 2020 European Union; Heritage 2020). It is applied to non-EU countries that do business with Finland.

The case company should also take a closer look at the tax rate in Finland. The Value Added Tax (VAT) rate in Finland is at a high level, ranks fifth among the EU countries with 24%. However, there are two lowered tariffs (10% and 14 %) applied for particular areas such as medicine, books, passenger transports, catering services, and food. (Value Added Tax 2020.) Thus, in Gong Cha's case, they have to take responsibility for 10% VAT.

According to Global Economy (2020), Finland had 1 point (low) in the political risk classification. The research measures the risk possibility from political and assimilated incidents related to cross-border transactions with a risk period of more than 1 year. Seven groups are graded as countries: from 1 to 7 (low to high). This proves that Finland is a stable country with low political risk which is a positive point for the case company to consider when it enters the Finnish market.

According to The Economist Intelligence Unit, Finland ranks 9th in the business environment rankings. The business environment rankings model uses a common analytical method to access the consistency and attractiveness of a business climate. Thus, the result represents Finland's high degree of political stability and the openness of the market to global trade. Besides, Finland ranks 20th in the Ease of doing business rankings. This is a relatively high position in the chart,

meaning that the regulatory environment is advantageous for a firm to start and operate. (Doing Business 2019.)

### **Economical factors**

The economy of Finland is highly industrialized; service is the primary economic sector with 74.5 percent from 2010 to 2020, followed by 22.02 percent in manufacturing and 3.51 percent in the agricultural sector. (Statista 2020.) With a gross domestic production (GDP) almost equal to Austria and the Netherlands, Finnish exports account for one-third of GDP, mainly in the wood, metals, engineering, telecommunications, and electronics sectors. (CIA 2017.)

Economic risk can affect investment by the macroeconomic condition of a country such as exchange rates, government regulation, political stability. (Tracy 2020.) The country's economic growth could be influenced by the domestic economy, government finances, foreign transactions, prospects for growth, and the stability of the country.

Finland, like many other EU countries, has Euro as the official currency. Being an EU member brings various benefits to economics, as stated by Economics Help, such as free trade and the reduction of non-tariff barriers, which have help buyers and businesses minimize cost and price for each product. Consequently, when considering extending its market to Europe, Gong Cha could also benefit from free trade. (Economic Help 2016.)

According to Statistics Finland (2020), the consumer confidence indicator (CCI) in October 2020 is -6.9, decreased by 1.3 compared to last year. The definition of ICC is about the level of optimism about the performance of the market, expressed by consumers through their savings and spending activities. When consumer confidence tends to increase, they spend more, indicating a healthy economy. When confidence tends to decline, consumers save more than they spend, suggesting the economy is in trouble. (Ganti 2020.) In October 2020, the view of the consumers on Finland's economic growth was gloomy. However, the forecast of its current condition was fairly bright. (Statistics Finland 2020.) Also, the coronavirus pandemic makes dramatic changes in Finnish private consumption. In total, the number of card payments and the volume of payments has decreased by 29% and 13% since January this year. The decline has appeared in several

specific industries, for example, the restaurant industry has witnessed spending plummet by 80%. (Teivanen 2020.) This shows a significant effect that the pandemic has made on the Finnish service industry. Therefore, Gong Cha should take into consideration if the situation in Finland now is suitable for the company to enter. In total, the number of card payments and the volume of payments has decreased by 29 percent and 13 percent since the beginning of January. In some sectors, the decline has been especially dramatic: since the beginning of the year, for example, the restaurant industry has seen spending plummet by 80%.

### **Social Factors**

Finland is the most serious country in terms of social security comparing to other countries. Recently, Finland has been known as one of the best countries to live in, with the quality of life index 186.4, ranked third out of 82 countries. (Numbeo 2020.) The high standard of education, the pursuit of equality, and the national social security system are some of the key reasons for this. The table below illustrates the social statistics of Finland:

Table 3 Social statistics of Finland (Statistics Finland 2020)

Population (thousand)	5 525
Age structure (%)	0-14: 16.44 15-24: 11.21 25-54: 37.64 55-64: 13.19 > 65: 21.51
Ethnic group	Finn, Sweden, Russian, Estonian, Romani, Sami
Languages (%)	Finnish: 87.3 Swedish: 5.2 Other: 7.5



Life expectancy at birth (years)	male: 78.1 female: 84.2
Urbanization (%)	85.4

The table shows that there are 5.5 million inhabitants in Finland, and 85% of them are living in urban areas. Specifically, the Helsinki Metropolitan is the most populous area with 1.3 million people of citizenship. (Helsinki Population 2020.) There is an aging population in Finland, and this has contributed to a shortage of workers. Besides Finnish and Swedish, most Finnish people can speak English because nowadays, it is a compulsory language for all students in Finland. However, the small population size with an aging society is the main concern for Gong Cha.

In this part, the authors also collect information about Finnish beverages consumption and spending trend. According to Roukatiето (2019), milk is the most consumed drink in Finland (150 liters per capita annually), followed by beer, soft drinks, wine, and coffee (roasted) with the amount of 73.3, 53.0, 11.4 liters, and 9.9 kilograms respectively. Three out of five most consumed drinks are non-alcoholic beverages showing that Finnish is taking in less alcohol. Thus, Gong Cha, with a new kind of drink, has potential in the industry.

Finnish people are having a trend of going out to drink rather than staying at home. Out of 2760 licensed restaurants, cafes account for 46.9% (1295 cafes) Roukatiето (2019). Statista (2020) reported that by 2025, the consumption of drinking outside the home will take 41% in the market for non-alcoholic beverages.

### **Technological factors**

Finland is considered Europe's leader in digitalization. (Toolbox Finland 2019.) They have been setting trends in sciences and technology for years. Finland used to be worldwide famous for Nokia and Kone, the mobile phone and lift leaders, respectively.

According to Statistics Finland (2018), Finnish people are using the Internet more and more nowadays. Especially, users aging between 16 to 54 use the Internet 99 percent of the population averagely. It shows that the technology of Finland is

popular among citizens. Thus, digital marketing, social media channels will be helpful for Gong Cha to come closer to the buyers.

The most important export sector in Finland relies on the technology industry. Technology firms invest in foreign countries, drawing profit to Finland, which is key to sustaining the welfare state, with operations accounting for more than 50 percent of all Finnish exports. Technology companies play a crucial part in the growth of Finland because 70 percent of investment in R&D in Finland is for technology. (Teknologiateollisuus 2020.)

Technology will be a potential point for Gong Cha to consider entering the Finnish F&B industry. There are new technology, machines, and managing tools for the case company to utilize.

### **Environmental factors**

Finland has four different seasons: spring, summer, autumn, and winter. Due to Finland's northern location, winter is the longest season here. This affects Finnish customers' drinking habits. Gong Cha should consider this to make a suitable menu with different kinds of hot beverages to satisfy the buyers.

In 2016, Finland was the world's cleanest and greenest country according to the Environmental Performance Index. (Turunen 2016.) The country stays in the top ten until now. Thus, Finland does different action to show actions preserve the natural environment. The country's proactive policies in the field of environmental protection concentrate on broad and reliable environmental data and a high level of technical competence. They also provide a sufficient fund for the environment. (Lyytimäki 2014.) Besides, the Finnish economy is heavily affected by industrialization specializing in exploiting natural sources such as metal, mineral, and wood industries. Thus, the government issues policies and laws aiming at protecting the environment. (Vehmas & Saarinen 2010.) Thus, when entering the Finnish market, the case company has to come up with different plans for environment protection.

### **Legal factors**

Finland has a parliamentary structure originating primarily from the law of the Constitution of March 2000. The legal system bases on a system of Swedish civil

law. (Santander 2020.) General courts and administrative courts are the main branches of Finnish courts. The former deals with civil and criminal proceedings and the latter handles administrative and litigation cases between a citizen and the authority. Compared to other countries, employment registration is tighter and more detailed. Finnish legislation provides both employers and employees with equal protection. The Employment Contract Act governs issues about employment, such as employment contracts, basic rights, and data security. According to Siimes et al. (2019), the most popular form of an international company in Finland is private limited liability.

#### 4.1.2 Porter's Five Forces Analysis

As mentioned in the previous introduction, Porter's Five Forces Analysis is a comparative strategy that helps the company determine how competitive the industry is, along with the strengths and weaknesses of the industry, thereby find development direction for its products. The model helps consider the current competitive position of Gong Cha and the position it aims to take in the future. It includes the following different elements: Power of buyers, Threat of substitute products, power of suppliers, threat of new entrants, and competitive rivalry.

To get a big picture of the current market situation and a deeper insight into the model, the authors will focus on analyzing and applying 5 main factors to the bubble tea market in Finland.

Below is a summary of Porter's Five Forces Analysis, from which the authors can see where Gong Cha stands in the Finnish bubble tea market, as well as the competitive situation in the current market. It helps the company determine whether they should enter the Finnish market. The table below shows the results of the analysis.

PORTER'S FIVE FORCES ANALYSIS				
Competitive Rivalry: <b>MODERATE or HIGH</b>	Power of Buyers: <b>HIGH</b>	The threat of Substitute Products: <b>MODERATE or HIGH</b>	Power of Suppliers: <b>HIGH</b>	The threat of new entrants: <b>MODERATE</b>

Figure 9 Porter's Five Forces Analysis summary table

### **Competitive Rivalry: MODERATE or HIGH**

Competitive pressure in an industry is inevitable for companies. Competition here can be about price, advertising content and advertising channel, or innovative technology and product. Every action of competitors affects competition in the same industry. It also motivates the company to come up with new initiatives, seek new opportunities as well as increase market share in the market. (Luenendonk 2019.) Competitive rivalry can be considered one of the most important factors contributing to a complete Porter's five forces model.

To get a more competitive advantage over competitors, the F&B industry, or specifically the bubble tea industry in Finland can consider choosing competitive moves that are suitable for the industry. Gong Cha is a brand from Asia and opens branches in many cities as well as many different countries around the world. Therefore, the stores named Gong Cha do not have a high level of concentration in the same place. Therefore, there is not high competitiveness between stores with the same brand name. Instead, the other bubble tea stores already exist and opening soon will be competitors to Gong Cha since bubble tea gradually becomes more popular. Most of the bubble tea shops available today are located in the Uusimaa region, or more specifically Helsinki because it is the most populous area in Finland. (Statista 2020.)

Since most bubble tea stores are concentrated in Helsinki, Gong Cha can use the price change approach, increase or decrease prices to gain a short-term

advantage over competitors and to get people's attention at first. Thereafter, Gong Cha increases product differentiation, improves properties, innovates the manufacturing process and products to differentiate themselves from existing brands. The F&B industry is an industry that can easily create the most innovation, creativity, and difference compared to other industries due to its changing characteristics with the times and following the world's trend. Because the level of product differentiation is low, it will lead to a high level of competition, and vice versa. If products from different bubble tea stores have distinctly different commodity characteristics, the competition will be reduced. Through the information summarized above, the Competitive Rivalry is described as MODERATE or HIGH.

### **Power of Buyers: HIGH**

Eating and drinking have always been a basic human physiological need to be able to maintain life. (Selva 2020.) Therefore, more and more businesses are joining the F&B industry to serve the growing demands and satisfy buyers' daily needs. More specifically, eating and drinking are not merely to sustain life, they are considered a way of enjoyment and entertainment. Grasping customers' psychology, many types of enjoyment have been developed, formed, and improved from these needs. Bubble milk tea is one of these innovations. It is different from the basic products existing in the market. Bubble tea promotes a new culture and aspect of human integration and enjoyment. Therefore, if customers want to experience new products in the market, bubble tea will be one of their choices. However, due to the new trend that arrived in Finland, the number of loyal visitors will not be high.

Not many bubble tea stores have been opened in Finland. The reason is that it is not recognized by many buyers. This means that if a bubble tea brand opens a store, they will be at risk of their unpopularity. Because of its unpopularity, customers will decide whether to try the product or not. Therefore, the decision to buy or not to buy depends on the buyer more than the supplier.

Price and quality are also core issues that determine whether or not buyers choose products. The overall price of a bubble milk tea product is not too high compared to drinks in Finland and neighboring countries. Drinks, in general, do not

have much difference. However, when comparing the existing bubble milk tea shops in Finland with one another, it is expected that Gong Cha will have a slightly higher price because of the high-quality ingredients and trademark royalties. Customers will choose a good product at a cheaper price than a good product at a higher price. Hence, to attract the attention of customers for the brand's products, the store may have to lower prices, have attractive promotions on special occasions, and have solid customer service to attract more customers. Therefore, the supplier will have a reduced advantage in this case. Based on the reasons explained above, the buyer's bargaining power in the market is HIGH.

### **Threat of Substitute Products: MODERATE or HIGH**

In addition to the materials used to make drinks such as tea, topping, fruit, and flavoring, other factors affect customers' enjoyment such as cups, straws, bags to contain the product. The competition is also affected by the commodity outside the company's field. Many coffee shops and bubble tea stores use plastic cups, straws and plastic bags to store and contain products. However, there are more and more stores switching from plastic to other environmentally friendly materials such as paper, bamboo, grass. Gong cha is one of those. They replace plastic straw with sugarcane fiber straw and paper seal. (Gong Cha 2019.)

Due to the increasing awareness of environmental protection of people today, people are constantly developing and learning to create more breakthrough products to protect the environment. This idea is gradually put into use in some beverage shops at the present and receives enthusiastic support from the Finnish buyers. Paper materials are always more expensive than plastic materials, but thanks to the advancement of technology, scientists can create materials that protect the environment at a more affordable price such as sugarcane fiber, grass. (Stephen 2019.) There is always a change and improvement in the future, so old products are at risk of being substituted.

Although the price is an important aspect of alternative products, other aspects are also considered in this competition such as coffee, tea, and smoothies. Those are the familiar drinks in Finland. Bubble tea shops can easily be replaced by stores that selling those products. Also, some Asian shops in Finland sell instant bubble milk tea which the customers can make and enjoy at home. Its price is ranging

from 1.3€ to 4€ which is much cheaper compared to a fresh cup of bubble milk tea. (Jiahe 2020.) The risk of alternative products being used is quite high so the Threat of Substitute Products is evaluated as MODERATE or HIGH.

### **Power of Suppliers: HIGH**

Because bubble tea' being not famous in Finland, the concentration of official bubble tea suppliers in Finland is not high. Currently, there is no official supplier of bubble tea products based in Finland. Instead, Asian supermarkets will import ingredients from abroad and sell them to the bubble tea stores located in Finland. Gong Cha is an exception. Being an international company, Gong Cha's resource is abundant with its supplier. (Zhang 2019, 28.) That supply only available to franchise stores under the name of Gong Cha. If Gong Cha enters the Finnish market, it will import goods from its supplier controlled by the head office. Since there are a few Asian supermarkets in Finland, they are taking advantage of the current supply and those Asian supermarkets are currently the only source of supply for bubble tea stores in the Finnish market, except Gong Cha as mentioned above. Looking at the overview, Asian supermarkets have a strong advantage in the Finnish market in this situation. It can be evaluated that the Power of Suppliers is HIGH.

### **Threat of New Entrants: MODERATE**

When new companies enter the same industry, the number of customers is reduced when new companies have attractive discounts or promotions for the first launch. If they have an effective marketing strategy and get a lot of deals, they will attract more clients who will potentially become their loyal customers. Therefore, the danger here is that they will turn Gong Cha loyal customers into their loyal customers.

Gong Cha will have to compete when a new brand joins the same industry providing similar products or services. The main risks here are the taste of the beverage and customer service. Most of the ingredients are the same, but how the ingredients are made and how they are prepared are big differences. Besides, customer service is an important factor when it comes to the service industry. Especially bubble tea, it is in the entertainment and enjoyment market, bringing the

enjoyment for buyers. If Gong Cha does not do these better than new entrants or rival companies, Gong Cha is at risk of competing with other brands.

The cost of opening a bubble tea brand is not low, but entering the F&B market has been relatively easy since the F&B market is increasing its popularity and revenue in Finland. (Statista 2020.) There are not many bubble tea stores open in Finland at the moment, so the competition among bubble tea stores is quite low currently. Just because there are not many bubble milk tea shops open in the Finnish market currently, everyone's intention and future trend of opening bubble tea shops is even higher, which means the bubble tea industry's competition in the future is quite large. Based on the information mentioned above, the competition for Threat of new entrants is MODERATE.

#### 4.1.3 Competition

The Finnish market is becoming more diverse in recent years. New international brands are penetrating the local market in different industries such as fashion, sports, food, and beverage, etc. (Retail facts Finland 2018.) The table below lists foreign brand entrants in Finland from 2014 to 2018:

Table 4 : Foreign brand entrants in Finland (Retail facts Finland 2018)

2014	2015	2016	2017	2018
<b>XXL</b>	Michael Kors	Volt	& Other Stories	JD Sports
<b>Marks &amp; Spencer</b>	Odd Molly	The Athlete's Foot	Samsøe & Samsøe	Suitsupply
<b>COS</b>	Victoria's Secrets	Levi's	Newbie	Weekday
<b>Hugo Boss</b>	Pandora	Massimo Dutti	Lexington	Cinamon
<b>Quiksilver</b>	Espresso House	Flormar	Lakrids	



<b>Thomas Sabo</b>		Peak Performance	Taco Bell	
<b>Nespresso</b>		WHSmith	Beijing 8	
<b>O'Learys</b>		Power		
<b>Burger King</b>		Joe & The Juice		

The table shows that the Finnish market, as well as the buyers, are getting more familiar with new brands. That is Gong Cha's advantage and also disadvantage. The market is becoming potential yet competitive at the same time. In the non-alcoholic drinks market, Gong Cha has to compete with not only local but also international brands in different sectors namely coffee, juice, tea, and especially bubble tea.

According to Bernard (2020), Finland ranks first in the world in terms of coffee consumption per capita. This explains why coffee stores are loved by young and old generations. Both Fazer and Robert's Coffee are brands that stand the test of time and continue to grow until today with third-teen and over one hundred cafes respectively both nationwide and worldwide. (Fazer 2020; Robert's Coffee 2020.) Despite being not as popular as coffee, healthy drinks such as smoothies, juices are becoming trendier among consumers thanks to people's awareness of a healthy lifestyle. (Nguyen & Nguyen 2018.) This point explains the dramatic growth of Jungle Juice bars. This brand, the first Finnish juice, and smoothie bar, founded in 2011 are becoming the largest chain of juice and smoothie bar in Finland with 50 stores nationwide. (Haaramo 2016.)

Besides, in the bubble tea industry, Gong Cha has two big opponents: Kong Cha and More Tea. Both brands are established in 2020. While Kong Cha is owned by a Hong Kongese- Finnish team, More Tea belongs to a Chinese family. Kong Cha bubble tea has opened their first store in Vuosaari and a new one in Helsinki city center on 1<sup>st</sup> November. On their Facebook fan page, the brand announces to offer a 50 percent discount on their grand opening.

More Tea is a bubble tea store located right in the heart of Helsinki. The brand aims at promoting bubble tea culture in Finland and serve authentic Taiwanese taste of tea. Besides tea and bubble tea, the brand also provides customers with a new kind of dessert namely snow ice. It is made from shaved ice with coconut milk and the buyers can add toppings such as tapioca, red beans, jelly. (More Tea 2020.)

Since these two brands appear in the Finnish market earlier, they will have more advantages in terms of customer awareness. However, the authors find that their menus are relatively unvaried with mostly cold drinks at a price ranging from 5 to 6.2€ per cup. Also, the space of both stores is monotonous with simple decorations. Gong Cha, with the experience of a long-lasting multinational company, will develop a suitable menu and modern space for the Finnish market.

## 4.2 Data Analysis

### 4.2.1 Data Collection

The figure below illustrates the authors' data collection process.

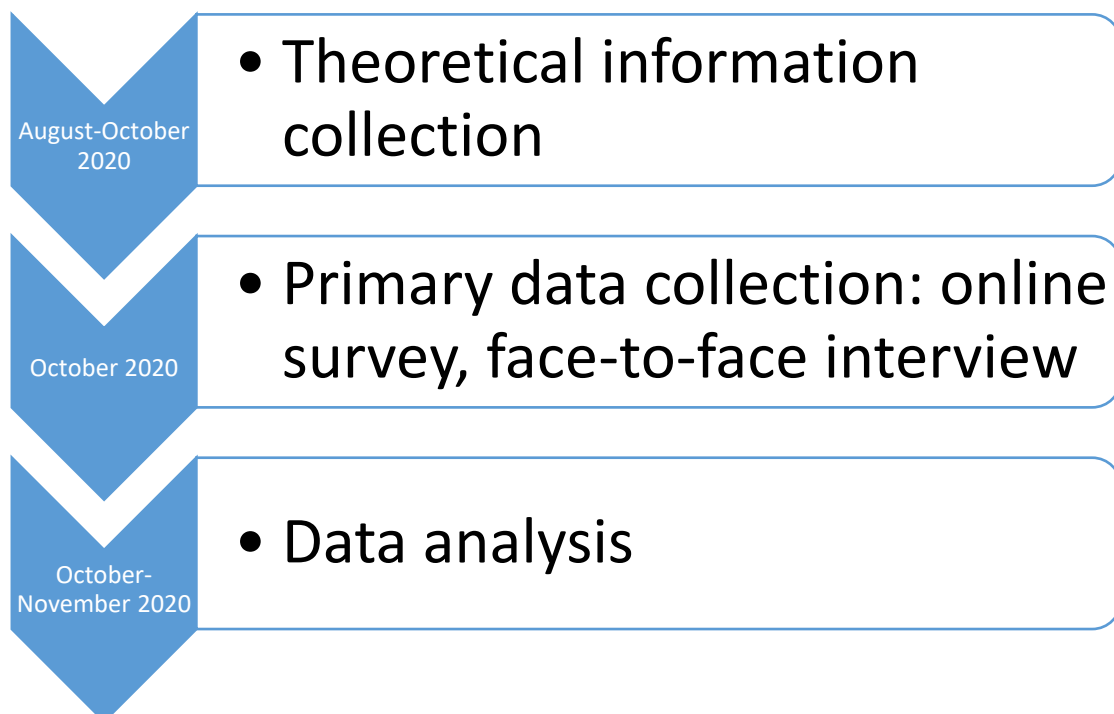


Figure 10 Data collection process

As stated in the first chapter, the study includes two kinds of data namely primary and secondary data. For secondary data, the thesis refers to articles, public hard-copy, digital copies of books. The primary data was acquired in October 2020 through an online survey. The authors use both types of data to strengthen the findings and to answer the questions listed in the first chapter. By answering those questions, the study helps Gong Cha know whether Finland is a potential market for the company.

Because of the ease of gathering mass opinions on the given subject, the thesis uses the questionnaire to collect data. This type of data collection process helps users to rapidly and efficiently gather detailed information from many individuals. In several research areas, such as surveys and experimental designs, the questionnaire is typically used. (Gendall 1980, 143; McLeod 2018.)

Since the target market the authors aim at is youngsters and students in Finland, the questionnaire is written in English and Finnish. From 16<sup>th</sup> October to 5<sup>th</sup> November, the survey was live on Facebook, a popular social media platform so that it could reach the target client audience. The survey was posted to groups of students living in Finland. On 2<sup>nd</sup> November, it was sent to Finnish business degree students at LAB University of Applied Sciences. By the end of the survey, a total of 224 responses were obtained.

#### 4.2.2 Data Analysis

##### **Survey questionnaire**

The survey included sixteen questions. Four sections are composed of these queries. Question 1 to 5 in the survey relate to the respondents' background details, such as their gender, age, occupation, area, and level of income. By asking about their monthly spending on outside drinks and what they usually drink, the second part illustrates consumer habits. The next part is about customer preferences and awareness. The authors ask about criteria when it comes to buying a beverage, the reasons the respondents go out for drinks, whether they know about bubble tea, their attitude towards bubble tea. The last two questions are to analyze the customers' opinions on the Gong Cha brand.

The findings for questions 1 and 2 in the survey are presented in the following figure.

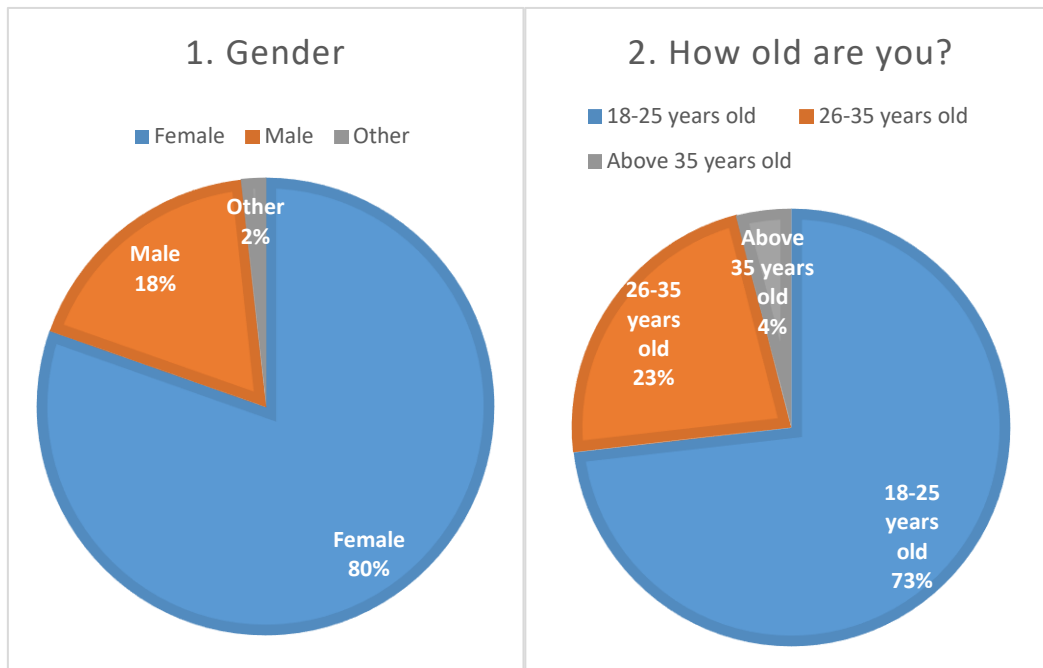


Figure 11 Question 1 and 2 in the research survey

80.4% of the 224 survey respondents are women, while the remaining 17.9% are men. Most of the age group belongs to 18-25 years old with 73.2%, followed by a group of 26-35 years old respondents with 22.8%. Only 9 participants are above 35.

The figure below shows questions 3 and 4's responses in the survey.

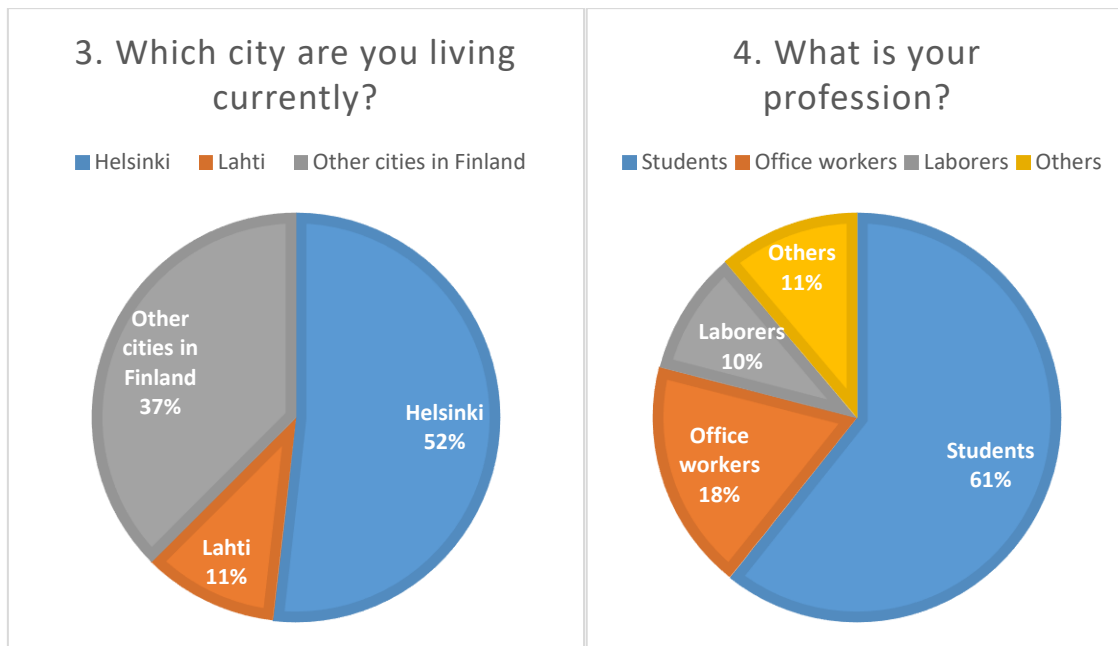


Figure 12 Question 3 and 4 in the research survey

The result shows that more than half of the participants living in Helsinki areas, followed by the number of respondents from Lahti with 10.7%. The rest 37.5% account for citizens from other cities in Finland. The largest proportion of occupation belongs to students with 60.7%. They are also the target market the authors aim at. The number of office workers and laborers make up 18.3% and 9.8% respectively.

The figure below describes statistics regarding questions 5 and 6 in the survey.

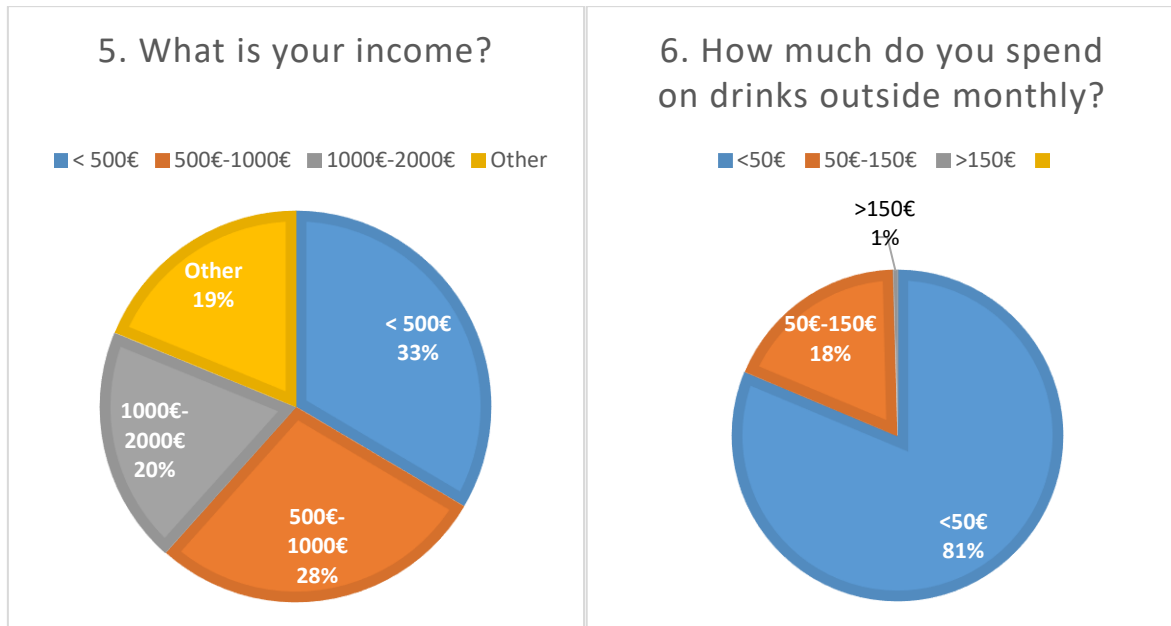


Figure 13 Question 5 and 6 in the survey

Since most of the respondents are students, the number of people earning less than 500€ accounted for more than one third, followed by groups of income of 500€ -1000€ and 1000€-2000€ with 28.1% and 19.6% respectively. Most of the participants spend less than 50€ for drinking outside, while the rest belongs to people spending 50€ -150€.

The following figures show questions 7 and 8 and their results.

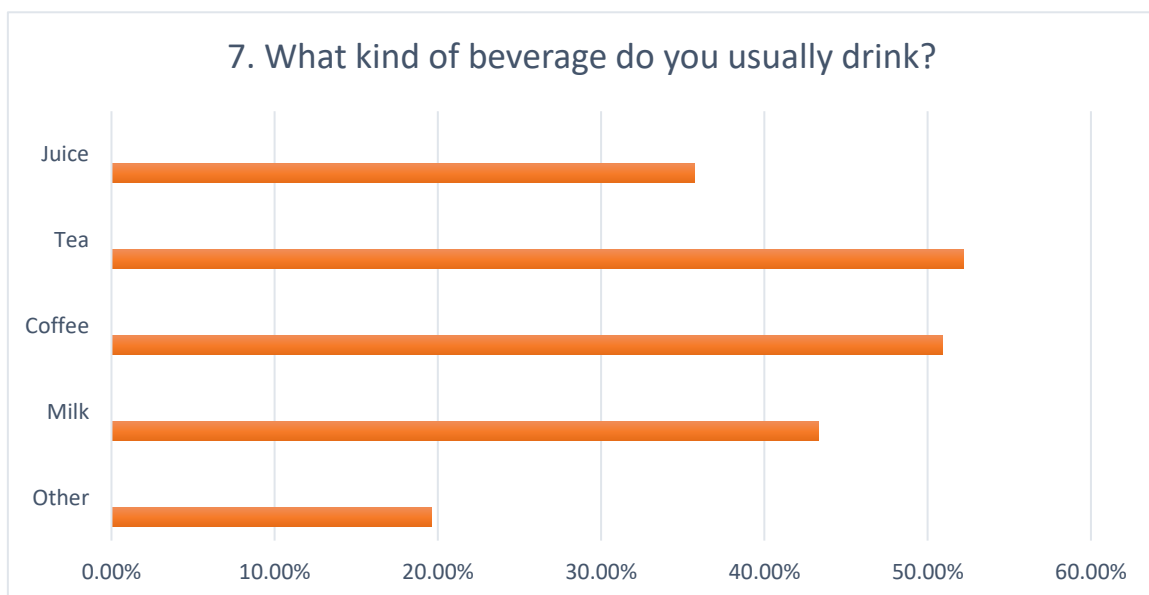


Figure 14 Question 7 in the survey

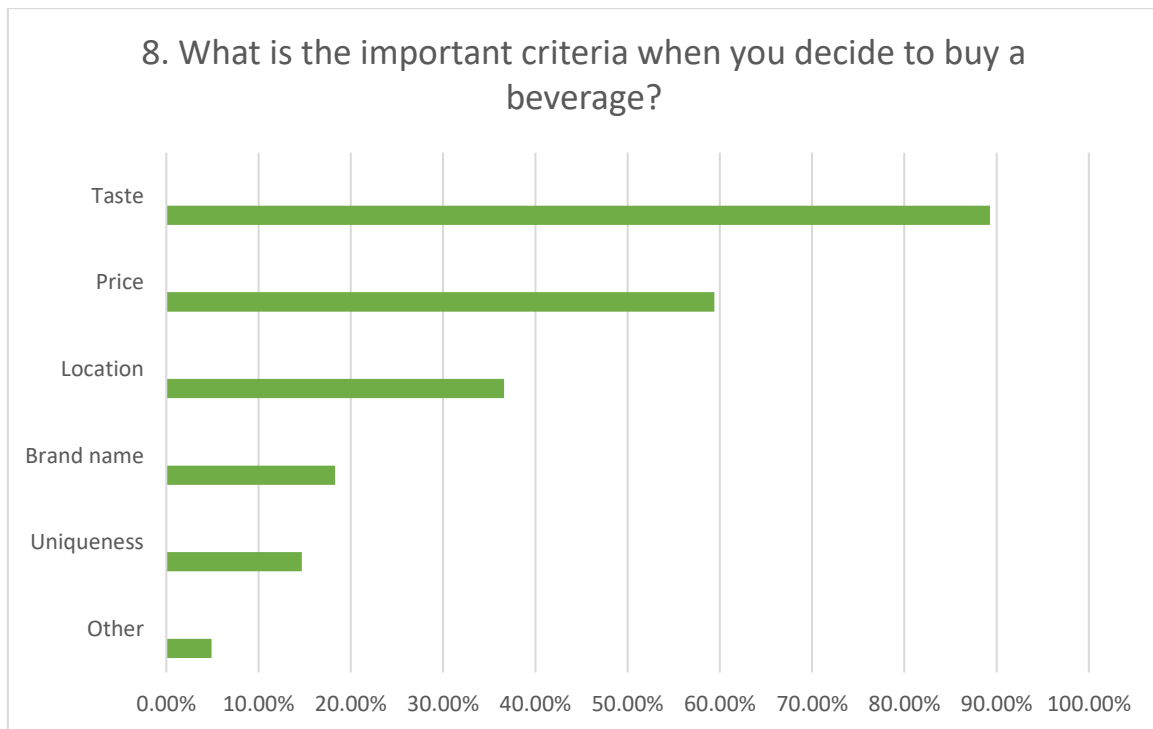


Figure 15 Question 8 in the survey

According to the survey, tea and coffee are the most consumed beverages with 52.2% and 50.9% respectively. Milk ranks third with 43.3% and the rest is for juice and other drinks. When it comes to buying a drink, nearly 90% of respondents agree that taste is the main factor and the second one is the price with 59.1%. They also consider price and location a lot with 59.4% and 36.6% of responses.

The graphs below show the collected data about questions 9 and 10.

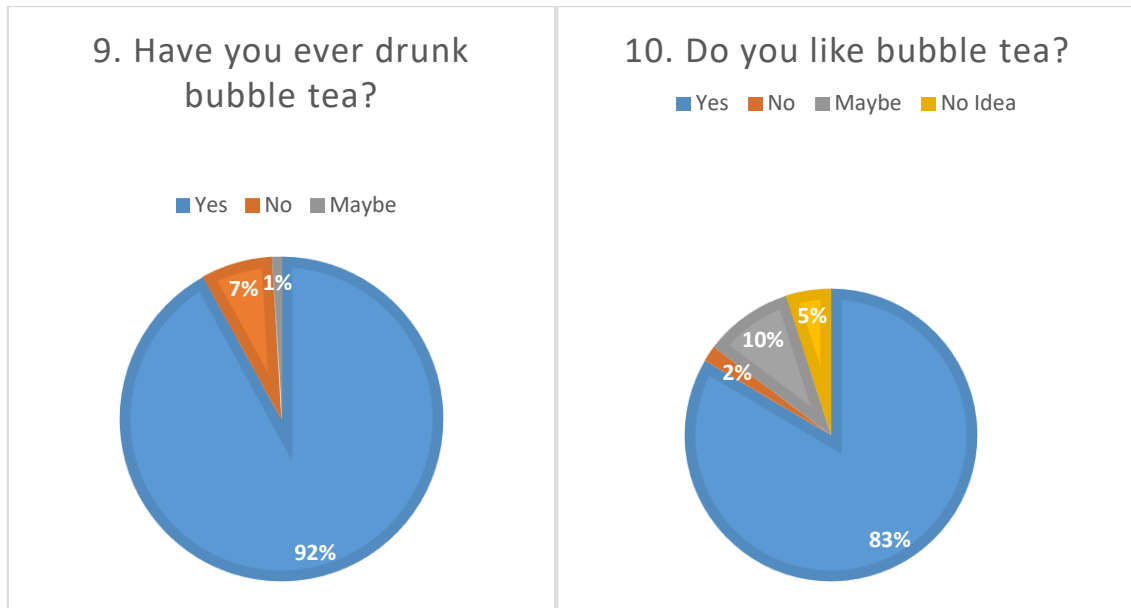


Figure 16 Question 9 and 10 in the survey

Among 224 participants, 92% have drunk bubble tea, and 83.5% of which enjoy the drink. 1.8% do not like bubble tea and the rest has no idea. This means bubble tea is still a new product that needs more attention in the Finland market. The case company can take this as an advantage to become one of the first bubble tea suppliers, but also disadvantage due to the poor awareness.

The figures below illustrate information about questions 11 and 12 in the survey.

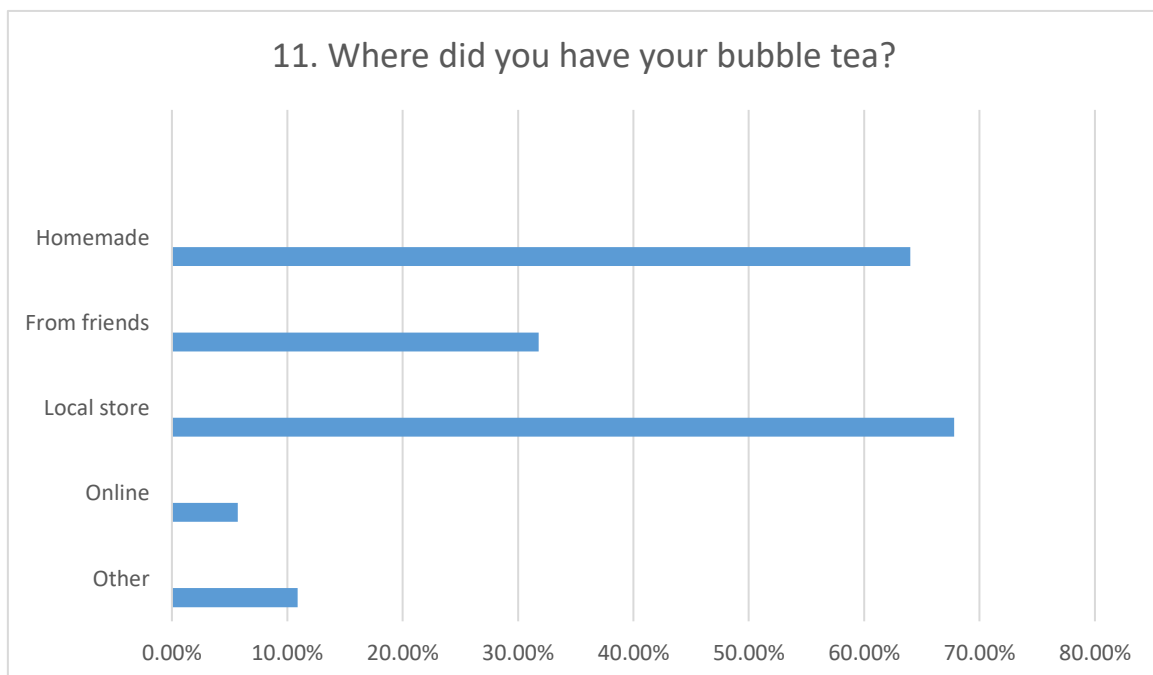


Figure 17 Question 11 in the survey



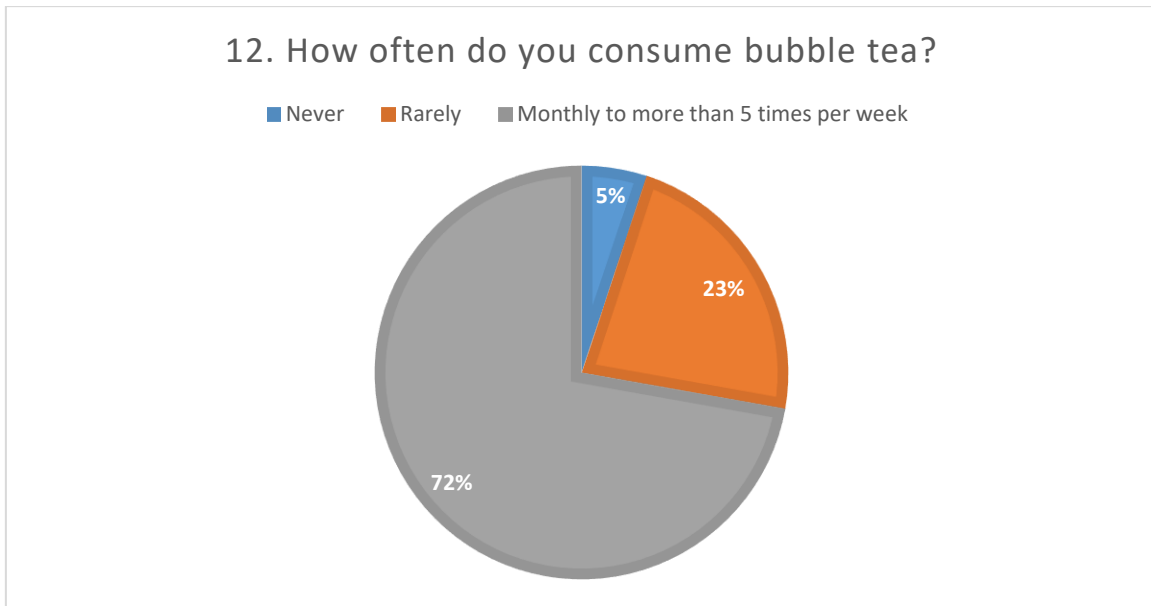


Figure 18 Question 12 in the survey

It can be seen from the charts that most of the consumers buy bubble tea in local stores or make it at home. The number is relatively the same with 67.8% and 64% correspondingly. There is a small number of buyers ordering bubble online. While 5.1% and 22.7% of the respondents never or rarely buy bubble tea, the rest accounted for 72.2%, which is for customers consuming bubble tea from monthly to more than 5 times per week.

The figure below demonstrates the result regarding question 13 in the survey.

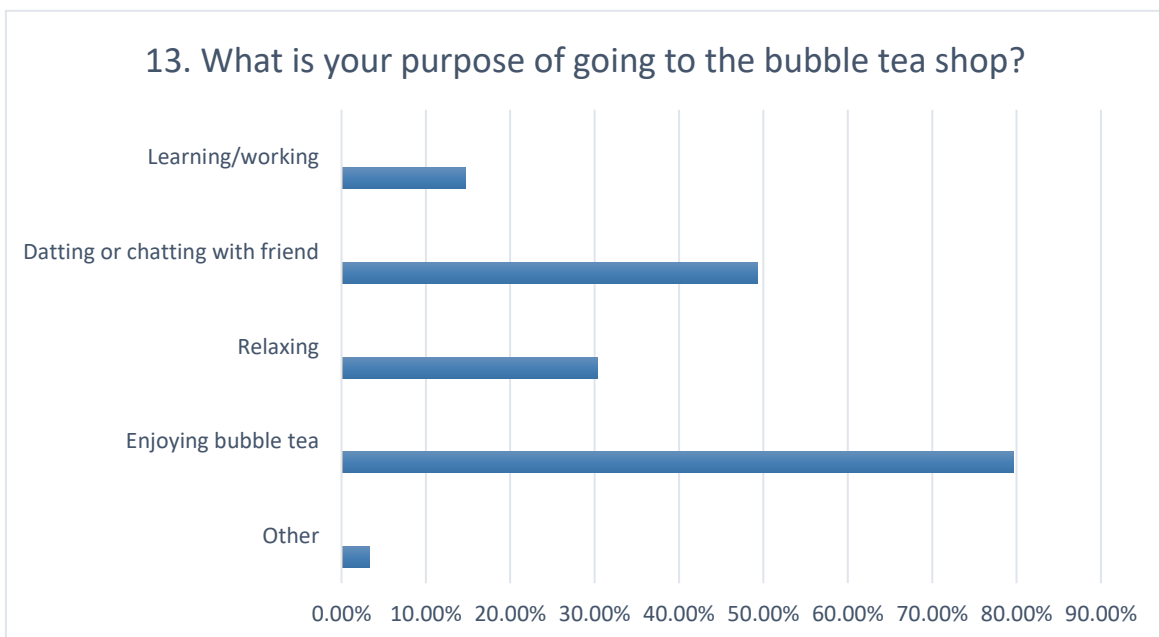


Figure 19 Question 13 in the survey

The main purpose of customers going to bubble tea shop is to enjoy the drinks there. This makes up for 79.6% of the survey, followed by the number of people drinking out for dating or chatting with 49.3% agreed opinions. Only 14.7% of respondents think that they go to a bubble tea shop for studying or working.

The figure below shows question 14 in the survey.

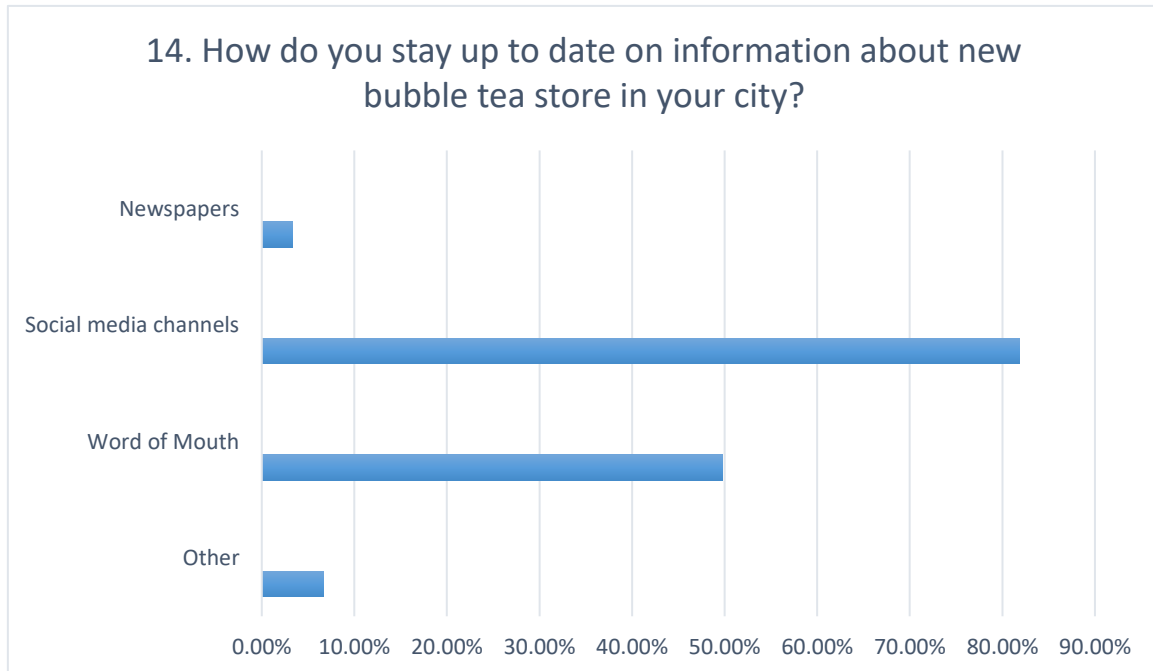


Figure 20 Question 14 in the survey

As shown in the pie chart, the most popular means of advertising is on social media because the target market of Gong Cha is students. Besides, word of mouth is also an effective way to make a name for the company. With this information, the case company can determine the most effective type of advertising that reaches the most potential customers.

The following graphs describe information regarding questions 15 and 16.

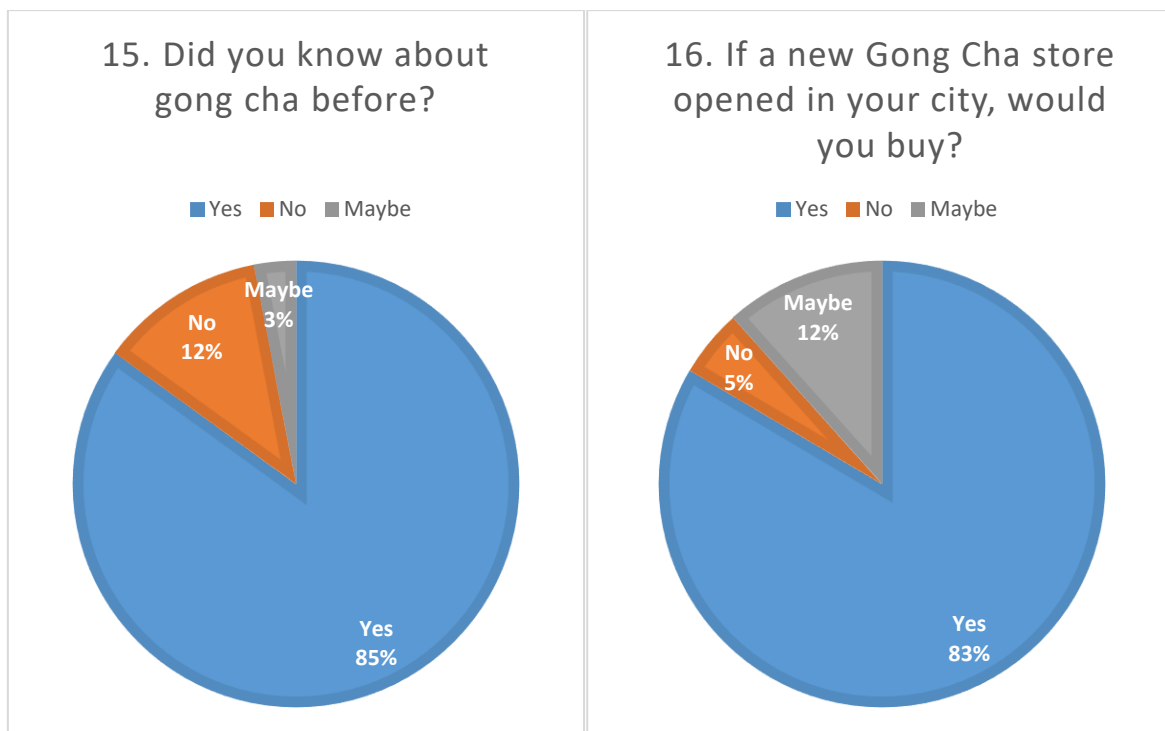


Figure 21 Question 15 and 16 in the survey

The charts show that Gong Cha is already quite well-known in Finland with 85% of the respondents knowing about the brand. Also, Finnish people, as well as people living in Finland have an open view of the company with 83.5% of participants wanting to come and try Gong Cha's products.

### Interview Analysis

The authors interview two Finnish consumers of different ages for a clearer view of customer awareness and their expectations of bubble tea products and Gong Cha company. They also give information about Finnish customers drinking outside habits that the case company can utilize to conduct further research.

The first interviewee is a 56-year-old Chief Executive Officer of Green Attachments Oy, which is a Finnish small size company selling excavator attachments in Lahti. He is called I1 in this study. The second interviewee is a 20-year-old student in Helsinki. She is called I2.

Both of the interviewees like to go out to have a drink when they have time. I1 usually goes to some coffee shops to have coffee and pulla and I2 chooses cafe and pub as her favorite destination to enjoy latte and tea. Being a middle-aged buyer, I1 prefers a cafe with an elegant and quiet space. He thinks a basic menu is

enough for a coffee shop as long as they serve quality products. In contrast, I2 wants her ideal coffee shop to be bright with modern decorations (so that she can take photos) and friendly staff. The menu needs to be diverse with some signature points and flavors.

Both interviewees agree that they would like to go to the store using more environmentally friendly products such as paper straws, reusable cups better than a common coffee shop. They think a company can do a lot to protect the environment. For example, they give discounts for those who bring their cups to the store to reduce the amount of possible waste.

Despite being an Asian food lover, I1 knows about bubble milk tea but has never tried while I2 says that she is a bubble milk tea addict. When being asked about bubble tea as a new trend in Finland, both interviewees show their excitement. I1 thinks that bubble tea will be loved mostly by youngsters because of its strange taste, affordable price, and unique look. I2 agrees that shortly, bubble tea will be popular and well-known in the Finnish market because there are more and more Finnish buyers who enjoy this drink. Whenever she goes for a bubble tea in a local store, she has to queue up for at least 10 minutes.

I2 also knows about Gong Cha company and wants them to open a store in Finland in the future. She says she had the chance to try Gong Cha bubble tea on her Korea trip in 2018. "The flavor of the drink is exceptionally delicious. They also provide the customers with different kinds of toppings and white pearl is my favorite. Also, the company always has seasonal menus which are very interesting to me. Not many cafes in Finland have that kind of option" I2 said.

### **SWOT Analysis**

SWOT analysis is used as a tool to analyze internal and external issues when it comes to operating a company in a new market. There are four sectors in the model namely Strengths, Weaknesses, Opportunities, and Threats. The authors apply SWOT analysis to emphasize those four points of the case company when it enters the Finnish market. The figure below illustrates a SWOT analysis for Gong Cha and it will be described in more detail.



Figure 22 SWOT Analysis of Gong Cha

### *Strengths*

Entering the Finnish F&B market, the case company Gong Cha possesses many advantages. First of all, Gong Cha has a great selection of drinks, ranging from tea, milk tea, ice-blended drinks to hot drinks. It also comes with a wide range of toppings such as tapioca, white pearls, herbal jelly, pudding, milk foam to name but a few. The customer can adjust the sweet and ice levels for the fullest enjoyment. Also, compared to other items in the same industry, Gong Cha sells its products at an affordable price (5.5 to 6.5€). For that price, Gong Cha's drinks are considered high-quality with a careful making process (as the description in Chapter 3) and friendly service. Moreover, being a global company, Gong Cha has abundant resources than other smaller brands. This has effects on product development as well as marketing operations.

### *Weaknesses*

The first weakness of Gong Cha is its poor brand recognition. Compared to other coffee brands, Gong Cha has not made a name for itself in Finland. The company will find it challenging to approach customers in the first period because Finnish people are familiar with different kinds of beverages. Even in the bubble tea market, Gong Cha will be a newcomer compared to other well-known brands Kong Cha and More Tea. Besides, it takes time for the case company to understand Finnish customers' habits. Thus, they have to spend longer to adjust the menu to satisfy the buyers' demands.

### *Opportunities*

To succeed, a company should realize and take advantage of their opportunities, especially for a new entrant in a market. The first opportunity of the case company is the potential market. As mentioned in Chapter 1, Europe would witness a dramatic growth in the bubble tea market for 2020-2027. It means the bubble tea trend is spreading in European countries leading to better awareness of the beverage and also better recognition of Gong Cha's products.

Moreover, Finland is a high-tech country. (Cordis 2001.) Opening stores in such an environment, the case company will have a chance to experience the latest technological advancement. Coming to Finland is also an opportunity for Gong Cha to write its name on the Europe map (besides the United Kingdom). It means there will be more countries knowing Gong Cha and becoming its potential markets.

### *Threats*

Entering a new market, there are potential threats that companies should consider. Firstly, the competition in the Finnish F&B market is tough. Gong Cha will have to cope with well-known brands such as Starbucks, Espresso House, Jungle Juice, and potential brands namely Kong Cha and More Tea. Also, Finnish people are used to drinking coffee, milk, and healthy drinks. Gong Cha will have to forecast the cultural differences when entering a new destination. Also, Finland is considered one of the most environmentally friendly countries. (Kolb & Stebbins 2019.) Therefore, the case company has to anticipate plastic alternative trends.

## 5 CONCLUSION

The authors are going to conclude the thesis in this chapter. By answering the thesis main question and sub-questions, the thesis will clarify the Finnish F&B issues that matter the case company's entrance to Finland. The following sub-chapter concentrates on the study's validity and reliability, after which, the authors make some suggestions for further research in the future.

### 5.1 Answers for Research Questions

In Chapter 1, the authors proposed one main research question and five sub-questions. By answering those questions, the authors provide the case company, which is the Gong Cha bubble milk tea brand, with up-to-date information regarding external factors that affect Gong Cha's entrance to Finland. In this chapter, the authors answer sub-questions first, then the final answer for the main questions will be given.

#### **Sub-question 1: What are the current beverage trends in Finland?**

The study found that milk is the preferable non-alcoholic beverage in Finland. Besides, coffee and soft drinks are also popular among citizens, according to statistics in chapter 4. The buyers tend to consume healthy drinks such as juices, smoothies. There are more, and more juice bars opened nationwide in Finland. By analyzing the survey, the authors realize that bubble tea is not yet well-known in the Finnish market, but it is becoming more recognized among young consumers. Therefore, bubble tea is considered a potential product in the F&B industry.

#### **Sub-question 2: How competitive is the target market?**

The target market's competitiveness is at a high level. One of the reasons leading to high competitiveness in Finland is due to its small size of the market. Also, the study shows that the Finnish market is open and attractive for new entrants thanks to its aforementioned characteristics. There are more and more foreign companies entering Finland recently. Therefore, domestic and international brands have to rival for bigger market share. Besides, the case company also has to compete with companies in other industries such as coffee, soft drinks, smoothies that are popular among Finnish buyers.

However, bubble milk tea is a new drink in Finland so Gong Cha has an opportunity to be one of the first big brands in the market. Within the industry, there are not yet many stores, so the competitiveness is not very high.

### **Sub-question 3: Who are the case company's main competitors?**

As analyzed in previous chapters, the authors find that there are two kinds of competitors that Gong Cha has to face: indirect and direct competitors. Indirect competitors are coffee shops or smoothies stores such as Fazer, Robert's coffee, Jungle Juice Bar. These are the big companies that serve different kinds of drinks, from coffee-related products to caffeine-free drinks. They also provide snacks or cakes that go well with their main products to enrich the customer experience. More importantly, these companies have been in Finland for years, so they are well-known in the Finnish market. Also, Gong Cha's direct competitors, as mentioned above, are the two bubble tea brands, namely More Tea and Kong Cha. They have signature menus with typical kinds of tea and bubble milk tea. Both brands are located right in the heart of Helsinki. Although both brands have been open for half a year, they have received the attention of people living in the capital areas.

### **Sub-question 4: Is the young generation Gong Cha's right target market?**

As mentioned earlier, the thesis focuses on young buyers as the case company's target customer. According to the survey result, 96% of participants are from 18 to 35 years old. They say that they know about bubble tea, and most of them tried the product at least once. Although coffee and tea are the most popular drinks among the respondents, bubble tea still stands a chance because the young are open to trying new things other than old customers. The survey shows a positive result about customers coming to Gong Cha if the company opens a store in Finland.

### **Sub-question 5: What are the possible risks when Gong Cha enters the Finnish market?**

The survival of Gong Cha in Finland may be challenged by the high degree of competition and limited knowledge about the target market. At the same time, the case company ought to deal with the threat of substitutes and new entrants since



Finnish consumers are familiar with other kinds of drinks such as milk, coffee, tea. Additionally, Finland is a potential destination for doing business, so there are more and more new entrants in the future. Moreover, the company's target customer is young buyers, while Finland has an aging population. This is also a risk for Gong Cha.

These sub-questions are brief ideas that help the authors understand the characteristics of the Finnish F&B market. By carefully analyzing the collected data regarding the thesis subject with the support of sub-questions, the authors can conclude the research question.

### **Is Finland a potential target market for Gong Cha?**

Despite intense rivalry and risk within the target market, Finland is still a potential destination for Gong Cha for the following reasons. First, the living condition and income in Finland are high and people are becoming more open to new international brands. Secondly, bubble tea shops have not appeared in many places. There is a likelihood that Gong Cha will become one of the most famous and popular brands when coming to the Finnish market. Thirdly, Finland has an ideal environment and condition for international companies to do business. However, to survive and succeed in Finland, Gong Cha has to do more research about the country as well as the Finnish customers consuming habits, come up with an effective marketing plan, and maybe collaborate with other brands for more attention.

### **5.2 Validity and Reliability**

The quality of research is based on its reliability and validity. (Middleton 2020.)

The reliability relates to the system's accuracy of measurement which is carried out under the same circumstances. Reliability relates to the accuracy of a system of measurement used under the same circumstances. It refers to the precision of the process used. The study of high validity results in a corresponding difference in the physical and social environment.

This thesis collected information from both primary and secondary sources. For a theoretical review, the authors collect information and knowledge from up-to-date and related studies. The secondary data were referred from reliable sources such

as printed books, articles, reports. Meanwhile, primary data is collected by the authors by analyzing survey and interview results.

The survey has two versions, in English and Finnish. The authors provide the Finnish version to avoid misunderstanding. The Finnish survey was translated from English by a Finnish native speaker who is also a master of English. The interview data collection is added to help the authors have more detailed and concrete ideas regarding Finnish customers' behaviors and opinions. The number of interviewees is two. It is not enough to guarantee the quality of the outcome.

To ensure the elemental form of data, information obtained from the survey was carefully documented and analyzed. Therefore, the collected results are valid. Nonetheless, because of the limited sample size, the validity of this study may be affected if applied in a wider segment. Generally, the thesis and the results are considered valid and reliable.

### 5.3 Suggestions for Further Questions

The information obtained from this research is not enough for Gong Cha to perform a positive and profitable business in Finland. The authors recommend some further studies that could be carried out below.

The study aims at finding out whether Finland is a potential market for the case company. However, the authors only focus on young customers. It is recommended that Gong Cha does more detailed research about different customer segmentations. Also, if the case company was to penetrate the Finnish market, it is important to carry out more research on possible market entry modes. To succeed in a new country, Gong Cha should study more about the customer consuming habits to adjust their menu to make it attractive to as many buyers as possible. Therefore, more investigations concerning the products need to be conducted due to the difference in culture and taste. Also, because the procedure of doing business varies from country to country, the case company should do some studies about doing business in Finland, including factors in the process such as taxes, labor, licenses, contracts, etc.

## 6 SUMMARY

The aim and main target of this study research are to aware more of the Finnish F&B market as well as to see its potential through useful market analysis. Through studies have been gained from the information gathering process that answers the key question of whether Finland is a suitable country for opening a Gong Cha bubble tea store here.

Chapters 1 and 2 were conducted from basic but important information, opening a deeper analysis for the F&B market in Finland. Background information has introduced the growth of bubble tea and their popularity in Asia. Then, to clarify the main research question “Is Finland a suitable country for opening a Gong Cha bubble tea store” are sub-questions were added to support the answer to the main thesis question. Readers can find clearer and more complete answers in section 5.1 - Answers for research questions. Research Methodology and Data Collection are also listed and clarified in this section. Moreover, some of the models for the market analysis are also briefly explained in this section to prepare for a more focused analysis in Chapter 4 – Empirical research and data analysis.

Chapter 3 is an introduction to the company - Gong Cha bubble tea, in brief, to give readers a better understanding of Gong Cha, its purpose as well as the hard facts about the company, where is it operating at the moment, the growth situation and the Financial issues as well as its product at the moment.

Chapter 4 provides more insight through analyzing detailed market analyzes intending to assess the Finnish market, its potential, its main benefits and shortcomings, and its competitor for the Gong Cha brand. Interview sent by survey questionnaire and live survey of anyone living in Finland was also added and analyzed in this study. Since then, suitable directions for Gong Cha bubble tea will be determined in the Finnish market.

The final chapter is to answer sub-questions and conclude with the main question to give the reader a panorama to answer this study's purpose on whether to enter the Finnish food and beverage market for trademark Gong Cha as franchising or not.

Additionally, the main factors that make customers make buying decisions are taste and price. Based on collected and analyzed information which leads to the conclusion that the Finnish market is a potential destination for Gong Cha as franchising despite the risks and harshness of the target market.

## LIST OF REFERENCES

### **Published sources**

Ferrell, O. C. & Hartline, M. (2008). *Marketing Strategy*. Cengage Learning.

Gendall, P. 1980. A Framework for Questionnaire Design: Labaw Revisited. *The Marketing Bulletin*.

Goddard, W. & Melville, S. 2004. *Research Methodology: An Introduction*. 2nd edition. Blackwell Publishing.

Grant, R. M. 2004. *Contemporary Strategy Analysis: Concepts, Techniques, Applications*. Oxford: Blackwell.

Hollensen, S. 2010. *Marketing Management – A relationship Approach*. 3rd edition. Pearson Education.

Hollensen, S. 2011. *Global Marketing: A decision oriented approach*. 5th edition. Pearson Education.

Hollensen, S. 2012. *Essentials of Global Marketing*. 2nd edition. Pearson Education.

Kovalainen, A. & Eriksson, P. 2008. *Qualitative Methods in Business Research*. London: SAGE Publication Ltd.

Marmol, T., Feys, B. & Probert, C. 2015. *PESTLE Analysis*. 50Minutes.

Pelissier, R. 2008. *Business Research Made Easy*. Juta & Co.

Perera, R. 2017. *The PESTLE Analysis*. 1st edition. Sri Lanka: Nerdynaut.

Porter, M. 2008. *The Five Competitive Forces That Shape Strategy*. Harvard Business Review.

Porter, M. 2008. *The Five Competitive Forces That Shape Strategy*. Harvard Business Review.

Root, Frank. R . 1994. *Entry strategies for international markets*. Maxwell Macmillan International.

Saunders, M., Lewis, P. & Thornhill, A. 2012. Research Methods for Business Students. 6th edition. Harlow: Pearson Education Limited.

Sheard, J. 2018. Research Methods. 2nd edition. Elsevier Ltd.

Westwood, J. (2006). How to write a Marketing plan. London and Philadelphia: Kogan Page.

Wilson, J. 2010. Essentials of Business Research: A Guide to Doing Your Research Project. SAGE Publications.

Zhang, A. 2019. Analysis of sustainable development of Gong Cha. July Press.

### **Electronic sources**

About the EU: Finland. 2020. European Union [accessed 20 October 2020]. Available in: [http://europa.eu/european-union/about-eu/countries/member-countries/finland\\_en#practical-information](http://europa.eu/european-union/about-eu/countries/member-countries/finland_en#practical-information)

About Us. 2020. More Tea [accessed 11 November 2020]. Available at: <https://www.moretea.fi/>

About Us. 2020. Robert's Coffee [accessed 14 November 2020]. Available at: <https://robertscoffee.com/en/story/>

Bernard, K. 2020. The top coffee-consuming countries. World Atlas [accessed 23 October 2020]. Available at: <https://www.worldatlas.com/articles/top-10-coffee-consuming-nations.html>

Bhandari, P. 2020. An introduction to qualitative research. Scribbr [accessed 10 September 2020]. Available at: <https://www.scribbr.com/methodology/qualitative-research/>

Bokun, Y., Ruohong, R. 2017. What's Behind China's Unquenchable Thirst for Bubble Tea?. Caixin Global [accessed 8 November 2020]. Available at: <https://www.caixinglobal.com/2017-09-29/whats-behind-chinas-unquenchable-thirst-for-bubble-tea-101152328.html>

Chang, D. 2017. Bubble tea: How did it start?. CNN [accessed 1 September 2020]. Available at: <https://edition.cnn.com/travel/article/bubble-tea-inventor/index.html>

Competitive Rivalry Porters Five Forces Model. 2019. Luenendonk [accessed 5 November 2020]. Available at: <https://www.cleverism.com/competitive-rivalry-porters-five-forces-model/>

Cordis. 2001. Finland, the world's most technologically advanced country - UN report. Cordis EU research results [accessed 24 October 2020]. Available at: <https://cordis.europa.eu/article/id/17266-finland-the-worlds-most-technologically-advanced-country-un-report>

Drinks. 2020. Jiahe Asian Market [accessed 14 November 2020]. Available at: <https://www.jiahe.fi/products.php?pagelId=207&page=Drinks>

Ease of Doing Business Rankings. 2020. Doing Business [accessed 7 November 2020]. Available at: <https://www.doingbusiness.org/en/rankings>

European Committee of the Regions. 2020. Finland [accessed 20 October 2020]. Available at: <https://portal.cor.europa.eu/divisionpowers/Pages/Finland.aspx>

Fazer café - since 1981. 2020. Fazer [accessed 14 November 2020]. Available at: <https://www.fazer.com/visit-us/fazer-cafe2/>

Finland as a global leader of digitalization. 2019. Toolbox Finland [accessed 23 October 2020]. Available at: <https://toolbox.finland.fi/business-innovation/finland-as-a-global-leader-of-digitalisation/>

Finnish food industry statistics 2019. 2019. Ruokatieto [accessed 30 October 2020]. Available at: [https://www.ruokatieto.fi/sites/default/files/Flash/tietohaarukka\\_2019\\_englanti.pdf](https://www.ruokatieto.fi/sites/default/files/Flash/tietohaarukka_2019_englanti.pdf)

Friesner, T. 2008. History of SWOT Analysis. Marketing teacher [accessed 20 October 2020]. Available at: <https://www.marketingteacher.com/history-of-swot-analysis/>

Ganti, A. 2020. Consumer Confidence Index (CCI). Investopedia [accessed 7 November 2020]. Available at: <https://www.investopedia.com/terms/c/cci.asp>

Global Economy. 2020. Finland: Political risk, medium/long-term. Global economy [accessed 20 October 2020]. Available at: [https://www.theglobaleconomy.com/Finland/political\\_risk\\_long\\_term/](https://www.theglobaleconomy.com/Finland/political_risk_long_term/)

Go green with Gong Cha Vietnam. 2019. Gong Cha [accessed 14 November 2020]. Available at: <https://www.gong-cha.com/en/news/v/detail>

Gong Cha GA. 2020. About Gong cha. Gong Cha GA [accessed 22 October 2020]. Available at: <https://gongcha-ga.com/about-gong-cha-ga>

Gong Cha USA. 2020. Zoominfo [accessed 4 November 2020]. Available at: <https://bit.ly/3pzyL0e>

Gong Cha. 2020. About Us. Gong Cha [accessed 3 November 2020]. Available at: <https://www.gong-cha.com/en/about>

Gong Cha. 2020. About Us. Gong Cha Australia [accessed 22 October 2020]. Available at: <https://gongchatea.com.au/about-us/>

Gong Cha. 2020. Brand story. Gong Cha Singapore [accessed 3 September 2020]. Available at: <http://www.gong-cha-sg.com/about-us/brand-story/>

Gong Cha. 2020. Brand story. Gong Cha [accessed 7 November 2020]. Available at: <https://www.gong-cha.com/en/about>

Haaramo, E. 2016. Jungle Juice Bar slays dragons as it eyes global success. Good news from Finland [accessed 10 November 2020]. Available at: <https://www.goodnewsfinland.com/feature/jungle-juice-bar-slays-dragons-as-it-eyes-global-success/>

Hakkala, K & Kaitila, V. 2019. The economic impact of EU's free trade agreements on Finland. Etna [accessed 20 October 2020]. Available at: <https://www.etla.fi/en/research/the-economic-impact-of-eus-free-trade-agreements-on-finland/>

Helsinki Population. 2020. World Population Review [accessed 30 October 2020]. Available at: <https://worldpopulationreview.com/world-cities/helsinki-population>

Heritage. 2020. Index of Economic Freedom: Finland. Heritage [accessed 20 October 2020]. Available in: <http://www.heritage.org/index/country/finland>

Hiekkavuo, A. 2016. Population with foreign background in Helsinki 2016. Hel [accessed 3 September 2020]. Available at:



[https://www.hel.fi/hel2/tietokeskus/julkaisut/pdf/17\\_01\\_16\\_Tilastoja\\_2\\_Hiekkavuo.pdf](https://www.hel.fi/hel2/tietokeskus/julkaisut/pdf/17_01_16_Tilastoja_2_Hiekkavuo.pdf)

History. 2020. Ministry of Social Affairs and Health [accessed 22 October 2020]. Available at: <https://stm.fi/en/ministry/history>

Hudd, T. 2018. Understanding international students numbers in Finland. *Nyyt* [accessed 14 November 2020]. Available at: [https://www.nyyti.fi/en/blogi/understanding-international-students-in-finland/#:~:text=International%20Exchange%20Students%20Statistics%20in%20Finland&text=Of%20this%20population%2C%20exchange%20students,%25%20\(10%2C059\)%20in%202016](https://www.nyyti.fi/en/blogi/understanding-international-students-in-finland/#:~:text=International%20Exchange%20Students%20Statistics%20in%20Finland&text=Of%20this%20population%2C%20exchange%20students,%25%20(10%2C059)%20in%202016)

IONOS. 2018. Market analysis – the definition. *Startup Guide – IONOS* [accessed 3 October 2020]. Available at: <https://www.ionos.com/startupguide/grow-your-business/market-analysis-definition/>

Kento, W. 2020. Porter's 5 Forces. *Investopedia* [accessed on 17 October 2020]. Available at: <https://www.investopedia.com/terms/p/porter.asp>

Knachel, M. 2020. Deductive and Inductive Arguments. *Human Libretexts* [accessed 7 September 2020]. Available at: [https://human.libretexts.org/Bookshelves/Philosophy/Book%3A\\_Fundamental\\_Methods\\_of\\_Logic\\_\(Knachel\)/1%3A\\_The\\_Basics\\_of\\_Logical\\_Analysis/1.4%3A\\_Deductive\\_and\\_Inductive\\_Arguments](https://human.libretexts.org/Bookshelves/Philosophy/Book%3A_Fundamental_Methods_of_Logic_(Knachel)/1%3A_The_Basics_of_Logical_Analysis/1.4%3A_Deductive_and_Inductive_Arguments)

Kolb, E., Stebbins, S. 2019. Climate change: Countries doing most, least to protect environment. *USA Today* [accessed 25 October 2020]. Available at: <https://eu.usatoday.com/story/money/2019/07/14/climate-change-countries-doing-most-least-to-protect-environment/39534413/>

Largest cities in Finland in 2019, by number of inhabitants. 2020. *Statista Research Department* [accessed 5 November 2020]. Available at: <https://www.statista.com/statistics/327469/largest-cities-in-finland/>

Lyytimäki, J. 2014. Environmental protection in Finland. *Finland* [accessed 23 October 2020]. Available at: <https://finland.fi/life-society/environmental-protection-in->

finland/?fbclid=IwAR2coPbn2n5GCehshcGjGrcYatrI1s6kDvsqbXx\_kFdk4N0QRQ  
DAFSn7W5M

McLeod, S. 2018. Questionnaire: Definition, Examples, Design and Types. Simply Psychology [accessed 3 November 2020]. Available at:  
<https://www.simplypsychology.org/questionnaires.html>

Middleton, F. 2020. Reliability vs validity: what's the difference?. Scribbr.  
[accessed 9 November 2020]. Available at:  
<https://www.scribbr.com/methodology/reliability-vs-validity/>

National Economics University. 2019. Research Vietnam milk tea market. Studocu  
[accessed 1 September 2020]. Available at:  
<https://www.studocu.com/vn/document/national-economics-university/marketing-essential/essays/research-vietnam-milk-tea-market/3778423/view>

Nguyen, T & Nguyen, T. 2018. Establishing a customer approach and a product promotion plan for a Start-up business in fruit and tea-based beverages. Laurea University of Applied Sciences. Thesis [accessed 14 November 2020]. Available at:  
<https://www.theseus.fi/bitstream/handle/10024/153875/r%20Approach%20and%20a%20Product%20Promotion%20Plan%20for%20a%20Start-up%20Business%20in%20Fruit%20and%20Tea%20Based%20Beverages.pdf?sequence=1&isAllowed=y>

Non-Alcoholic drinks. 2020. Statista [assessed 30 October 2020]. Available at:  
<https://www.statista.com/outlook/20000000/100/non-alcoholic-drinks/worldwide>

Parrish, D. 2016. Lecture 2 Internal analysis. Culture Partnership [accessed 4 September 2020]. Available at:  
<https://www.culturepartnership.eu/en/publishing/strategic-planning-course/internal-analysis>

Patil, K. 2019. Bubble Tea: All You Need To Know About This Taiwanese Tea. Republic World [accessed 3 September 2020]. Available at:  
<https://www.republicworld.com/lifestyle/festivals/bubble-tea-all-the-details-you-need-to-know-about-this-taiwanese-tea.html>

Pettinger, T. 2016. Benefits of the European Union. Economics Help [accessed 21 October 2020]. Available at: <https://econ.economicshelp.org/2007/03/benefits-of-european-union.html>

Pilon, A. 2020. 10 bubble tea franchise businesses. Small Business Trends [accessed 14 November 2020]. Available at: <https://smallbiztrends.com/2020/09/bubble-tea-franchise.html>

Plasticiser DEHP is ingested mainly through food. 2020. BfR [accessed 8 November 2020]. Available at: [https://www.bfr.bund.de/en/press\\_information/2013/13/plasticiser\\_dehp\\_is\\_ingested\\_mainly\\_through\\_food-186815.html](https://www.bfr.bund.de/en/press_information/2013/13/plasticiser_dehp_is_ingested_mainly_through_food-186815.html)

Pletcher, H. 2020. Employment by economic sector in Finland 2020. Statista [accessed 20 October 2020]. Available at <https://www.statista.com/statistics/328329/employment-by-economic-sector-in-finland/>

Population. 2020. Statistics Finland [accessed 22 October 2020]. Available at: [https://www.stat.fi/tup/suoluk/suoluk\\_vaesto\\_en.html](https://www.stat.fi/tup/suoluk/suoluk_vaesto_en.html)

Quality of Life Index by Country 2020 Mid-Year. 2020. Numbeo [accessed 22 October 2020]. Available at: [https://www.numbeo.com/quality-of-life/rankings\\_by\\_country.jsp](https://www.numbeo.com/quality-of-life/rankings_by_country.jsp)

Retail facts Finland 2018. 2020. Kauppakeskushdistys [accessed 23 October 2020]. Available at: <https://www.kauppakeskushdistys.fi/media/toimiala-ja-markkinat/retail-facts-finland-2018.pdf>

Sangwai, V & Deshmukh, R. 2020. Global Opportunity Analysis and Industry Forecast, 2020–2027. Allied Market Research [accessed 2 September 2020]. Available at: <https://www.alliedmarketresearch.com/bubble-tea-market>

Santander Trade Markets. 2020. Finland: Legal environment. Santander Trade Market [accessed 22 October 2020]. Available at: <https://santandertrade.com/en/portal/establish-overseas/finland/legal-environment>

Scott, G. 2020. Porter's 5 Forces. Mind Tools [accessed 9 November 2020]. Available at: <https://www.investopedia.com/terms/p/porter.asp>

- Selva, J. 2020. Abraham Maslow, His Theory & Contribution to Psychology. Positive Psychology [accessed 25 October 2020]. Available at: <https://positivepsychology.com/abraham-maslow/>
- Siimes, T., Waaralinna, A., Haapaniemi, O., Paanajarvi, A & Segercrantz, M. 2019. Doing Business in Finland: Overview. Thomson Reuters Practical Law [accessed 9 November 2020]. Available at: [https://uk.practicallaw.thomsonreuters.com/9-500-4121?transitionType=Default&contextData=\(sc.Default\)&firstPage=true](https://uk.practicallaw.thomsonreuters.com/9-500-4121?transitionType=Default&contextData=(sc.Default)&firstPage=true)
- Smith, A. 2020. The marketing mix: 4ps & 7Ps of marketing. Meltwater [accessed 7 November 2020]. Available at: <https://www.meltwater.com/en/blog/the-marketing-mix-4ps--7ps-of-marketing>
- Stephen, A. 2019. Straws made of wild grass are Vietnam's newest zero-waste option. Intelligent Living [accessed 10 November 2020]. Available at: <https://www.intelligentliving.co/wild-grass-straws/>
- SWOT Analysis. 2020. Mind Tools [accessed on 20 October 2020]. Available at: [https://www.mindtools.com/pages/article/newTMC\\_05.htm](https://www.mindtools.com/pages/article/newTMC_05.htm)
- Technology Finland. 2020. Teknologiateollisuus [accessed 22 October 2020]. Available at: <https://teknologiateollisuus.fi/en/technology-finland>
- Teivanen, A. 2020. S-Bank: Coronavirus has had visible impact on consumption in Finland. Helsinki Times [accessed 8 November 2020]. Available at: <https://www.helsinkitimes.fi/finland/finland-news/domestic/17608-s-bank-coronavirus-has-had-visible-impact-on-consumption-in-finland.html>
- The Economist Intelligence Unit. 2014. Business Environment rankings. Iber Global [accessed 7 November 2020]. Available at: [https://www.iberglobal.com/files/business\\_climate\\_eiu.pdf](https://www.iberglobal.com/files/business_climate_eiu.pdf)
- The Internet is used ever more commonly with a mobile phone – even for shopping. 2018. Statistics Finland [accessed 23 October 2020]. Available at: [https://www.stat.fi/til/sutivi/2018/sutivi\\_2018\\_2018-12-04\\_tie\\_001\\_en.html](https://www.stat.fi/til/sutivi/2018/sutivi_2018_2018-12-04_tie_001_en.html)
- The World Factbook: Finland. 2016. CIA [accessed 21 October 2020]. Available at: <https://www.cia.gov/library/publications/the-world-factbook/geos/fi.html>

Tracy, P. 2020. Economic Risk. Investing Answers [accessed 6 November 2020]. Available at: <https://investinganswers.com/dictionary/e/economic-risk>

Tu, A. 2020. The reign of bubble tea. Culture magazin [accessed 15 November 2020]. Available at: <https://www.culturemagazin.com/the-reign-of-bubble-tea/>

Turunen, A. 2016. Finland is the world's cleanest and greenest country. Slow Finland [accessed 23 October]. Available at: <https://slowfinland.fi/en/finland-is-the-worlds-cleanest-and-greenest-country/>

Value Added Tax. 2020. Ministry of Finland [accessed 27 October 2020]. Available at: <https://vm.fi/en/value-added-tax>

Vehmas, J., Saarinen, L. 2010. Eco-Innovation in Finland. Eco-Innovation Observatory [accessed 22 October 2020]. Available at: [https://ec.europa.eu/environment/ecoap/sites/ecoap\\_stayconnected/files/field/field-country-files/eio\\_country\\_brief\\_2010\\_finland.pdf](https://ec.europa.eu/environment/ecoap/sites/ecoap_stayconnected/files/field/field-country-files/eio_country_brief_2010_finland.pdf)

Wong, M.H. 2020. The rise of bubble tea, one of Taiwan's most beloved beverages. CNN Travel [accessed 14 November 2020]. Available at: <https://edition.cnn.com/travel/article/taiwan-bubble-tea-origins/index.html>

## APPENDICES

### Appendix 1: Survey Questionnaire

Question 1: Gender/ Sukupuoli

- Male/ Mies
- Female/ Nainen
- Other/ Muu

Question 2: How old are you? / Mikä on ikäsi?

- Under 18/ Alle 18
- 18-25
- 26-35
- 36-45
- Over 45/ Yli 45

Question 3: Which city are you living in currently? / Missä kaupungissa asut?

- Helsinki/Espoo/Vantaa
- Lahti
- Other

Question 4: What is your profession? / Mihin seuraavista luokista kuulut?

- Student/ Opiskelija
- Laborer/ Työntekijä (fyysinen työ)
- Office worker/ Toimistotyöntekijä
- Manager/ Johtaja
- Unemployed/ Työtön
- Other/ Muu

Question 5: What is your income? / Mikä on tulotasosi?

- < 500€
- 500€ - 1000€
- 1000€ - 2000€
- Other

Question 6: How much do you spend on drinks outside monthly? / Kuinka paljon rahaa käytät kuukausittain kotisi ulkopuolella juomiisi juomiin?

- < 50€
- 50€-150€

Question 7: What kind of beverage do you usually drink? / Mitä seuraavista juomista juot useimmin?

- Milk/ Maito
- Tea/ Tee
- Coffee/ Kahvi
- Juice/ Mehu
- Other/ Muu

Question 8: What is the important criteria when you decide to buy a beverage? / Mitkä ovat tärkeimmät kriteerit juomaa ostaessasi?

- Taste/ Maku
- Price/ Hinta
- Location/ Myymälän sijainti
- Brand name/Tuotemerkki
- Uniqueness/ Ainutlaatuisuus
- Other/ Muu

Question 9: Have you ever drunk bubble tea? / Oletko juonut kuplateetä aikaisemmin?

- Yes/ Kyllä
- No/ En
- Maybe/ Mahdollisesti

Question 10: Do you like bubble tea? / Pidätkö kuplateesta?

- Yes/ Kyllä
- No/ En
- Maybe/ Mahdollisesti
- No idea/ Ei aavistustakaan

Question 11: Where did you have your bubble tea? / Mistä sait juomasi kuplateen?

- Homemade/ Tein itse
- From friends/ Ystäviltäni
- Local store/ Paikallisestamyymälästä /...
- Online/ Netistä
- Other/ Muu

Question 12: How often do you consume bubble tea? / Kuinka usein juot kuplateetä?

- Monthly to more than 5 times per week
- Rarely
- Never

Question 13: What is your main purpose of going to the bubble tea shop? / Mistä syystä menet kuplateetä myyvään kahvilaan?

- Learning/working/ Opiskelu / työ
- Dating or chatting with friend/ Treffit tai chattailu ystäväsi kanssa
- Relaxing/ Rentoutuminen



- Enjoying milk tea/ Teestänauttiminen
- Other/ Muu

Question 14: How do you stay up to date on information about new bubble tea store in your city? / Kuinka pysyt ajan tasalla kaupunkisi uusista kuplateemyymälöistä?

- Newspapers/ Sanomalehdet
- Social Media Channels/ Sosiaalisen median kanavat
- Word of Mouth/ suusanallisesti
- Other/ Muu

Question 15: Did you know about Gong Cha before? / Olitko kuullut Gong Chasta aikaisemmin?

- Yes/ Kyllä
- No/ En
- Maybe/Mahdollisesti

Question 16: If Gong Cha opens a store where you live, would you come and buy? / Jos Gong Cha avaisi myymälän asuinpaikkakunnallesi, menisitkö tutustumaan?

- Yes/ Kyllä
- No/ En
- Maybe/ Mahdollisesti

## **Appendix 2: Interview Questions**

1. Please tell briefly about yourself and your favorite non-alcoholic beverage.
2. How is your ideal cafe space?
3. How do you think about a good enough menu a store needs to create?
4. What do you usually order when drinking outside?

5. What do you think a beverage brand can do to improve their public image?
6. What do you think about bubble tea?
7. It is reported that bubble tea is becoming popular in Finland. What is your opinion? Who will be the target market?
8. Do you know about Gong Cha company? If yes, what do you think about the company? Do you think Finland is a potential market for them?