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Chinese Market Entry Strategies of Korean Food Franchisor: Case of TheBorn

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Abstract

Purpose: By foreshadowing the historical background and cultural influence of Korean food and economic development in China, this paper demonstrates Chinese market entry strategies taken by TheBorn with its company history and CEO's background. **Research design, data and methodology:** The eclectic paradigm was utilized to analyze ownership, localization, and internalization advantages for TheBorn's first entry into the Chinese market. The research answers how TheBorn could expand its business in the early 2000s while most were skeptical about the globalization of Korean food. **Results:** First, possessing various restaurant franchises, food patents, and developments, and media use enabled to achieve a strong ownership advantage. Second, the Chinese market is conveniently located in South Korea. Thus, TheBorn could exercise direct management to its overseas restaurant to maintain the food quality and service. Lastly, establishing a sauce manufacturing plant and its branch company accelerated further expansions to other Chinese cities. **Conclusions:** Based on those success factors, TheBorn extended its business into different cities in China and emerged as a franchisor giant in the Korean restaurant franchise industry.

Keywords : TheBorn, Restaurant Franchise, China, Market Entry, Korean Food, Foreign Direct Investment

JEL Classification Code : M1, M10, M16,

1. Introduction

Decades after China's economic reform, China admittedly had refined its economy to open to foreign investment and trade and became the second-largest economy in the world. Since the beginning of the reform in 1978, the economy in China has retained its continuous growth rate of 9.8% each year in real terms; it resulted in China experiencing development at an incredible speed and expeditious expansion of finance intermediation years after the reform (Zhang et al., 2012). Li and Wei (2021) even stated that the rapid increase of the Chinese economy had surpassed that of Japan since 2010, named 'China Miracle.' Recent studies have suggested several reasons behind the mystery of China's continuous economic growth. Zhang et al. (2020) have thoroughly demonstrated that demographic dividend is the primary reason China kept its gradual economic growth. The disappearance of demographic dividends in the later phases of labor transfer eventually affected the fall of overall economic advance. Furthermore, Ding et al. (2021) investigated the role of material stock from 1990 to 2016 to prove that the improvement of material stock heavily affected the economic output from industries.

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The economic growth of China also provided new opportunities for neighboring countries to gain earnings from exports. Significantly, South Korea resulted in having 33 industries for bilateral imports and exports from China including, food, medical products, steel, machinery specialized for various industries, telecommunication equipment, and many more. China becomes the number one trading partner for South Korea (Baek & Nam, 2021). Korea China FTA that was signed on June 1, 2015, allowed the food industry to be the primary industry among them, and related Korean firms were able to enjoy the benefit of exporting their food items to China (Lee & Kwon, 2015). This action also led Korean food to accelerate its popularity for Chinese consumers in general. However, the Korean government had planned to globalize Korean food since 2009 when the Ministry of Agriculture, Food and Rural Affairs (MAFRA) announced its globalization of Korean food strategy plan that intended to expand the number of Korean restaurants in foreign regions up to 40,000 and to make Korean food as one of the finest cuisines in the world by 2017 (Min, 2009).

The globalization of Korean food did not go smoothly in the early stages. Only 27 firms could expand their restaurant franchise businesses overseas, and 1 to 3 shops were owned by each firm, which was a small number compared to businesses from neighboring countries like Japan. This condition was because those restaurants merely dealt with overseas Koreans, not local residents, due to insufficient marketing, labor force, local market research, and menu and service development; this caused firms to gain profits from limited customers and not expand their businesses aggressively. However, TheBorn, one of the early enterers of foreign markets, had set a model that other companies followed to expand their business overseas, especially in China, and eventually helped raise the status of Korean food that we typically recognize nowadays. TheBorn first launched its franchise restaurant named Bornga in Qingdao, China, in 2005, and its competitors were suspicious whether TheBorn could succeed in the foreign market; there was a perception that the Korean food franchise could not be blossoming in the foreign market. However, the success of Bornga led TheBorn to expand its business sequentially in other cities in China, such as Shanghai, Beijing, and Shenzhen. The success of Bornga was an exemplary case for other Korean companies to have enough reasons to expand their businesses to the market in China.

The recent COVID19 pandemic has brought health crisis and opportunities of our time. Even though experts claim that the pandemic is one of the most significant challenges to surmount since World War II, it provided a chance for the Korean food industry to emerge as a promising sector of future exports. In the report published by Korea Agro-Fisheries & Food Trade Corporation, the pandemic has increased worldwide interest in boosting immunity by food, where Kimchi, Doenjang, Ginseng, and other Korean products are famous. This various food led to an increase in Korean food exports by 34.5% last year. Increased interest in Korean food has created opportunities for firms eager to enter foreign markets, and understanding the behind of TheBorn's success in a foreign market can be a constructive guide for them.

In this paper, we explored TheBorn's establishment, profit timeline, and business brands with descriptions to examine how TheBorn has gained its success in the restaurant franchise industry in South Korea. Then, we discussed the eclectic paradigm behind its success in China by decomposing stages that it had taken through expanding its business. Furthermore, regarding its academic contribution, this paper examines strategies taken by TheBorn in China, which is closely related to any extant literature that has scrutinized the research on understanding characteristics of the Chinese market, especially from a perspective of Korean firms.

2. Korean Food

2.1. Historical Background of Korean Food

South Korea has established a unique food culture based on its long agricultural past (Hae et al., 2016). Despite that South Korea is geographically close to China, it has developed different food cultures and technology. While China had enough cooking oil to fry and pickle food to prevent microbial spoilage, South Korea lacked cooking oil production, which led to developing a fermentation process to preserve food. Kim et al. (2016) explored fermented Korean food in the past; representatively, grains and vegetables were the main ingredients used for the fermentation, and the process was necessary to endure the hot summer and bleak winter in an environment where rocky and rugged mountains are surrounded. This distinct topography and varied seasons have led Koreans to manufacture the most durable food possible in the past. Fermented food made in the past is still enjoyed nowadays, Kimchi, Jeotgal, and Jang, the Korean special seasoning.

Jang is very special to the food culture in South Korea. Shin and Jeong (2015) demonstrated that the invention of Jang allowed Koreans to create a variety of food that is distinctively different from foods in neighboring countries. Soybean is commonly used to make Jang. As soybeans are high in protein and low in saturated fat, they were suitable for lower classes who could not consume enough meat. Through fermentation, soybeans were developed into various food, such as

Chungkukjang, similar to Japanese Natto, and Kochujang, a Korean-style spicy sauce mixed with rice powder, salt and red pepper.

Korea also had a geographical advantage in achieving a wide range of ingredients for cooking. The environment in which the ocean surrounds three sides made easy access to seafood; mountains and the development in agriculture led people to harvest and collect materials from nature. Lee et al. (2008) discovered that Koreans in the past were eager to excavate new kinds of food ingredients since Korea's four seasons and dynamic environment were suitable for various species to grow. The advance in food technology, culture, and geographical advantage conceded Korea to develop distinctive food culture despite the scale of the country. From the end of the Joseon dynasty period, which took up 600 years of Korean history, 700-800 food receipts were recorded and stored in the archives of the Academy of Korean Studies (Chung et al., 2018).

2.2. Globalization of Korean Food

Woo Lae Oak triggered the history of overseas expansion. A Korean restaurant famous for its Naengmyeon, cold noodle soup in Korean style, and Bulgogi, Korean style grilled slices of beef, opened its first foreign restaurant in the United States in 1978 (Wang, 2015). Despite the immaterial progress after the first expansion, Nollbo, a colossal restaurant franchisor, led the overseas expansion with its restaurant brands, especially in neighboring countries, such as China and Japan. Since 2000, as foreign franchises gradually permeated the franchise industry in Korea, Korean franchisors started to avert their eyes to expand their businesses to foreign markets because they could both aim to increase brand value and revenue globally. However, the lack of blossoming examples made Korean franchisors cautiously consider overseas expansion.

Many studies have indicated that familiarizing Korean food to foreigners is one of the significant strategies for the globalization of Korean food. Jo (1997) stated that globalization of Korean food requires popular foods, such as Bulgogi, Galbi, Kimchi, Samgyetang, and Naengmyeon, to be localized in taste to appeal to foreigners overseas. Moreover, franchisors preparing to get into overseas markets need to understand the environments and conditions of the targeted market and the country (Yoon, 2005).

Over the decades, a few Korean companies have devoted themselves to the globalization of Korean food by localizing its food dishes and products that suit the local flavor. CJ Cheiljedang, a global food company headquartered in Seoul, occupied a unique Korean food Bibimbap to make its slogan "Bibigo" to launch its food products in overseas markets and localized them to provide a sense of familiarity to local residents; Zhang (2015) explained how the company named Soondae, a Korean-style blood sausage, to Korean black pudding and Bungeobbang, fish-shaped bread, into Bibigo goldfish to make local people more appealing.

In the 21st century, modern Korean food has adapted food technology from history and foreign food culture to create new types of Korean food. Korean food is slowly welcomed not only by Asians but also by Americans and Europeans since it was evident that American fast food is declining, while Asian slow food is rising nowadays (Chung et al., 2016). In a survey conducted by Chang and Cho (2000), 70.2% of participants who first visit South Korea answered that they had tried Korean food in their home countries before visiting Korea. This number indicates that the popularity of Korean food among foreigners has been increased as the years have passed.

A healthy style of living has grown into a significant global trend. Healthy diets, representatively Nordic (Wu et al., 2021) and Mediterranean (Hidalgo-Mora et al., 2020), have been aroused globally. Related research has received more consideration. Korean food is a possible candidate to be considered as one of them. In 2004, World Health Organization selected Korean food as a balanced healthy meal.

Moreover, Chang (2018) explains how Kimchi and other traditional fermented foods are famous due to their nutritional properties, including anti-cancer, weight-controlling, immune-stimulatory, antioxidative, and so on. Particularly, the Coronavirus outbreak has signified the value of Kimchi for its anti-carcinogenic property and nutritional value that may be contributed to the immune system (Ayseli et al., 2020). Kimchi's economic and industrial importance has been strongly manifested due to the increase in export of Kimchi after the pandemic outbreak (Huang et al., 2020). Representatives from Korean food companies had been interviewed to answer that 'diet' and 'healthy' are two keywords that can ideally describe Korean food to globalize Korean food (Yang et al., 2011).

2.3. Effects of Korean Popular Culture on Interest and Consumption of Korean Food

In recent years, an incursion of Korean culture has been made throughout the world, including the Americas, Southeast Asia, Europe, and East Asia. Korean popular culture, also called as "Korean wave" (Hallyu in Korean), ranges from fashion, food, tourism, movies, television dramas, popular music (K-pop), dance, and language (Hangul) (Jang & Paik, 2012). Korean

popular culture is more influential than ever, as BTS, a seven-member South Korean boy band, sweeps four awards at Billboard Music Awards, and a movie named Parasite directed by Jun-ho Bong was nominated for Oscar for best original screenplay. Lee (2020) called this global phenomenon “K-wave” and demonstrated how the effects of K-wave could be related to the consumption of Korean food. As Korean foods are naturally exposed to various Korean media, people watching them became interested in Korean food. In 2009, Dae Jang Geum, a well-known drama that described Korean food history, was exported to Hong Kong, Taiwan, and Thailand, and it led to a significant increase in Korean food consumption in those regions (Kwon & Shin, 2010). Furthermore, Mukbang, Korean live streaming of eating, has also accelerated the globalization of Korean food, as a streamer interacts with viewers where the streamer eats while speaking when viewers type to communicate (Choe, 2019).

Despite that “Korean wave” is now majorly consumed by world citizens, the term was first coined from China, which indicates how Korean culture played a vital role, especially for Chinese teens and twenties, since Chinese production companies even imported format of Korean broadcast and programs and to make into Chinese version (Ahn, 2014). The success of the Korean wave in China had also impacted the leading food trend for Chinese consumers. A Korean drama named “My Love from the Star” had taken China by storm, and it made the combination of fried chicken and beer, so-called “Chimaek,” be preferable food in China for young generations in 2014; Korean food is the main reason how Korean medias had washed across China (Hwang et al., 2016). Figure 1 demonstrates the percentages of category of business from Korea in foreign markets. It indicates that the food franchise industry has the most number among other categories. Moreover, Figure 2 shows how Korean companies chose China to expand their businesses the most compared to other countries (Figure 1 and Figure 2, published by the Ministry of Trade, Industry, and Energy). This evaluation foreshadows how the Korean wave had immensely impacted China over other countries and how the Chinese market is more important than others.

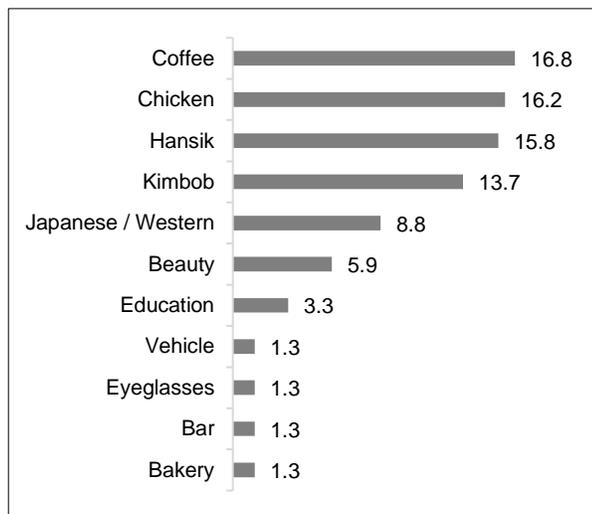


Figure 1: Types of Business in Foreign Markets in 2019 (%)

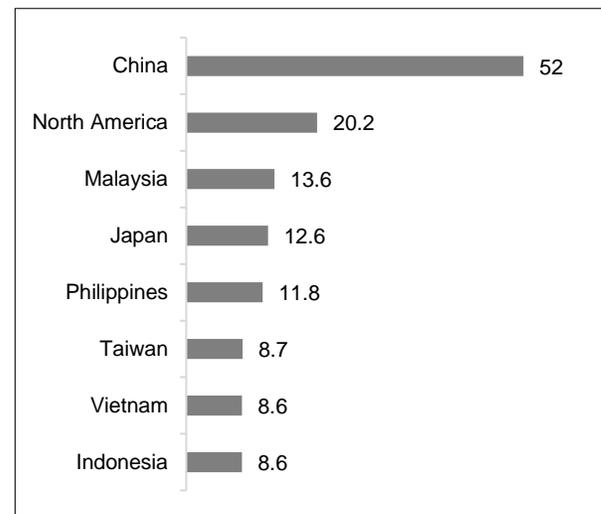


Figure 2: Countries where Korean Companies have Advanced in 2019 (%)

3. TheBorn

3.1. Lifetime of Jong-won Paik, the Founder of TheBorn

Born as the eldest grandson of the head family in Chungnam in 1966, Jong-won Paik, the founder of TheBorn, found his talent in running business since childhood. After graduating from Yonsei University in Seoul, South Korea, he worked in a used-car market as a part-time job. He outperformed others and made a high record in selling cars; however, he quit the job and managed a small bar to start his own business. When he scrutinized that the bar had a fryolator and the environment was surrounded by apartments, he concluded that selling fried chicken with a delivery service could make the most profit. His business analysis was on the mark; he bought five more fryolators for a backlog of orders and eventually expanded three more restaurants. The success of the business was hard to believe, especially at his young age.

In 1989, he joined the South Korean army and took the responsibility of a restaurant for commissioned officers. Since the restaurant dealt with hundreds of officers in the military, he needed to manage a large number of employees to run the restaurant fluently. He had learned management of staff, procuring food ingredients, maintaining an equal taste for any food, and many more. Based on his experience and knowledge that he achieved during his national service, he finally opened his first restaurant in 1993 and named Ssambap, which was a Korean-style barbecue with vegetables to wrap up to eat (Figure 3). The Ssambap restaurant contributed to many aspects in making today's status of Korean barbecue. The "Daepae Samgyeopsal," a new type of pork menu developed for his restaurant, had a sensational hit that other barbecue restaurants copied; Paik opened its copyright to every restaurant even though he obtained the patent (See Figure 4). Moreover, the restaurant offered 20 different vegetables, including lettuce, sesame leaf, red lettuce, Pak Choi, Chinese cabbage, angelica, chicory, back rose, new green and red rose, salary, red beet, groundsel, kelp, kale, cabbage, chives, radish, pepper, red mustard, and carrot, to eat with and attracted many customers. These past experiences were the initial groundwork of the foundation of TheBorn.

The Success of Ssambap has led TheBorn to change Ssambap as a franchise business and expanded it to 23 Ssambap restaurants in South Korea to this day. TheBorn now runs 27 restaurant franchises globally, sponsors two schools, Yesan high school and Yesan Yehwa Girl's high school, where students in those schools are guaranteed to enter TheBorn through specific education courses, and operates TheBorn Hotel in Jeju island. TheBorn also developed consumer products, including sauces and food ingredients which the public can mimic the taste of TheBorn's restaurants.



Figure 3: Photo of Paik and Ssambap restaurant



Figure 4: Daepae Samgyeopsal

Jong-won Paik is well-known for his television personality. He became famous after he appeared on a reality show program called "My Little Television," which led him to appear in other television programs including, SBS' "Paik, Jong-won's Food Truck (Figure 5)", "Paik, Jong-won's Alley Restaurant (Figure 6)", and "Delicious Rendezvous (Figure 7)". Television programs that he has hosted are all related to the cooking and restaurant business. He introduces his recipes to both viewers and restaurant owners to follow in his shows, and he was able to naturally advertise himself and his company, TheBorn, to the public (Han & Yoon, 2017). Furthermore, he runs a YouTube channel called "Paik's Cuisine" to introduce simple but tasty Korean cuisine for his subscribers since 2019. Videos in his channel provide subtitles in multiple languages so that foreigners can also enjoy his content. His various media appearances have helped him build his branding, which eventually promoted TheBorn's restaurants and consumer products (Shin, 2016). The sales growth of TheBorn Korea represents the powerful influence of Paik's media appearance. Its sales significantly increased from 2015 when Paik started to appear in various media in earnest.



Figure 5: Paik Jong-won's Food Truck



Figure 6: Paik Jong-won's Alley Restaurant



Figure 7: Delicious Rendezvous

Despite his exceptional cooking skills, he introduces himself as an expert on restaurant management. He understands which item can hit the market, what type of restaurant can gain the most profit, apprehend problems existing in any restaurant and provide solutions.

3.2. TheBorn's Competitive Strategies

TheBorn owns seventeen restaurant franchises in South Korea and ten in foreign regions. It is the most restaurant franchise in South Korea. Also, there are 1,770 franchise restaurants in South Korea in 2021. Despite the pandemic, TheBorn raised its sales by 13% and opened 250 more new restaurants. Below are descriptions of three leading franchises of TheBorn.

Jong-won Paik made Hanshin Pocha (Figure 8) next to the success of Ssambap in 1998. Hanshin Pocha offered Korean cuisines at an affordable price, which appealed to many people during the IMF cold wave. There are 144 restaurants in South Korea in 2021, and some are expanded to foreign regions, including Australia and the United States. Hanshin Pocha is one of the best-selling franchises in TheBorn, and it triggered the company to gather its capital to invest in other restaurant franchises.

In 2002, TheBorn launched a new restaurant franchise named Bornga (Figure 9), specializing in high-quality traditional Korean barbecue. Paik developed a new menu called “Woo-samgyup” by slicing beef flank against the grain and casually marinating with the special soy sauce to prevent misunderstandings of some foreigners who find black marinated beef not fresh. It was the depictive menu of Bornga, which has long been adored. Born also offered traditional Korean cuisines alongside, such as Kimchi stew, Bibimbap, a bowl of mixed rice with meat and vegetables with spicy Korean sauce, Japchae, a stir-fried glass noodle dish with vegetables, Samgyetang, a ginseng chicken soup, Duenjang Jjigae, a stew with soybean paste, many more. Bornga is the most significant global brand TheBorn owns; Bornga is now spread in ten foreign countries, including China, Indonesia, Philippines, Singapore, Vietnam, Japan, Australia, Thailand, and Cambodia.



Figure 8: Hanshin Pocha



Figure 9: Bornga



Figure 10: Hongkong Banjum

In 2006, Paik opened a third restaurant franchise called “Hongkong Banjum” (Figure 10). A Chinese Korean cuisine franchise that sells Jjamppong, Chinese-style spicy noodles with vegetables and seafood, Jajangmyeon, black-bean-sauce noodles, Tangsuyuk, sweet and sour fried pork, Ganpengji, Chinese fried chili chicken, fried dumpling, and many more. It is also a global brand, which is called “Paik's Noodle” in foreign regions.

The restaurant franchises that TheBorn has are: Saemaoul, a Korean food restaurant with a 1970 nostalgic interior, Mijing Guksu 0410, a restaurant mainly makes noddles with vegetables in dried anchovy broth, Paik's beer, a pub where Korean cuisines are served with alcoholic beverages, Yeokjeon Udon, a Japanese Udon restaurant, Dolbaeqi, a restaurant primarily uses beef brisket for every food, Rolling Pasta, a western restaurant serves pasta and pizza, Makyiorum, a Korean- style pub

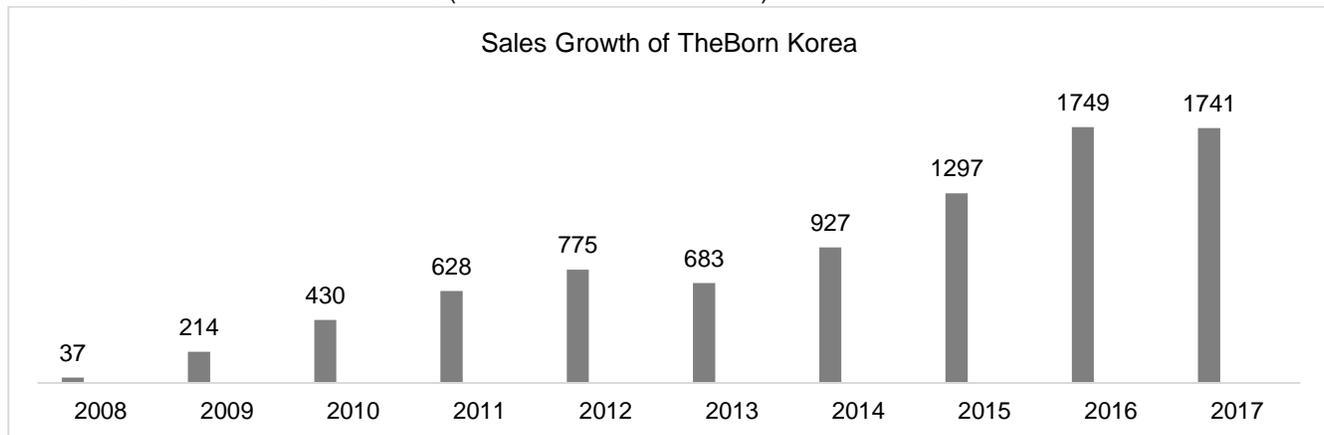
that offers raw rice wine called Makgeolli, and many more. To conclude, TheBorn has the most restaurant franchises in South Korea and launched most businesses expanded in overseas markets.

Table 1: Restaurant Franchise Companies, ranked in descending order in 2021

Rank	Company Name (Number of Owned Restaurant Franchise)	Franchise Name
1	TheBorn Korea (17)	Makyiorum, Lichun Market, Sungsung Sikdang, Rolling Pasta, Inseng Sullungtang, Dolbaeji, Mijung Guksu 0410, Paik's Beer, Ssambap, Paik's Pan 0410, Bornga, Yeokjeon Udon, One Kitchen, Saemaeul, Hanshin Pocha, Paik's Coffee, Hongkong Banjum 0410
2	Nolboo (16)	Bossam Jokbal, Budaek Jjigae, Huaduk Jokbal, Hangari Kalbi, Yesnal Tongdal, Yuhwang Oli, Damda, Manmyeon Huisaek, Gongsugan, Samgyeob Bonneung, Heungbu Jjimdal, Hobansik, Kimchi Jjim, Obul Janggun, Donkkaseu Bonneung, Tangsuyuk Bonneung
3	E LAND (14)	Ashley, Jayeon Byeolgok, Pizza Mall, Loun, Limini, Huwon, Teru, Bangung, Asia Moon, Dagu, Steak Us, Lugo, The Caffé, Peleukeno

TheBorn is evaluated to be successful through three strategies. First, TheBorn sets food at an affordable price point for every franchise they own. Setting a proper pricing strategy is crucial to run a business since it can impact customers' demand (Kopalle et al., 2008). To establish it, TheBorn minimized distribution steps by purchasing food ingredients in large quantities directly from manufacturers. Sometimes TheBorn even undertakes some manufacturers to minimize the cost as much as possible. Thus, TheBorn could pass the savings to customers by reducing its price. Second, TheBorn continuously searches for the latest trend to discover the needs of the consumer. Many of its franchises and menus are developed based on customers' demands of the period. Makyiorum is a typical example launched most recently based on the increased demand for Makgeolli, raw rice wine, from customers. Lastly, TheBorn uses Paik's media appearances for advertising itself. Paik regularly exposes himself to the public through television programs, social media content, and offline seminars. These public appearances help TheBorn to be indirectly advertised because he often mentioned his restaurants and brought products from his company in his shows. In fact, in the year when Paik started to appear in media, TheBorn's sales had promptly grown by 33%. (Table 2 demonstrates a significant growth in sales of TheBorn Korea after 2015 when Paik started to appear in media more often). Paik brings advertising effects to his company since TheBorn shows steady growth without any investments in aggressive commercials.

Table 2: Sales Growth of TheBorn Korea (Unit: 100 million Korean won)



3.3. TheBorn in Foreign Regions

TheBorn is one of the early enterers in foreign regions. It founded branch companies in China, Japan, Vietnam, Thailand, Malaysia, Philippines, Indonesia, and the United States. TheBorn's most foreign businesses are held in Asian countries. China is the biggest market for TheBorn since its first overseas entrance was made in China.

The demand for Korean culture in China started to grow when CCTV, Channel of China Central Television, imported the Korean drama "Love, So What?" in 1997 and "Dae Jang Geum" in 2000 (Kim & Lee, 2019). Notably, "Dae Jang Geum," a tale of an orphaned kitchen cook who became the first female physician for the king, displayed various Korean food that facilitated the attention to Korean food to the public in China. The Korean dramas triggered many companies to strengthen their overseas ventures in China, and TheBorn was one of them. Admittedly, TheBorn's first expansion in the restaurant franchise industry in China attracted attention from its rival companies in South Korea because there were not enough best precedence cases that could guarantee success, and TheBorn's first try could be it.

Among numerous cities in China, TheBorn chose Qingdao as the first foreign region to enter for two apparent reasons. First, the geographical advantage was promising to TheBorn as Qingdao is located just beside South Korea, which allowed TheBorn to easily export its food ingredients to their foreign stores to maintain the high quality. Paik mentioned in his interview that it is vital to building a system that a franchise can receive appropriate food ingredients fluently when launching any franchise in overseas countries. The close distance between Qingdao and South Korea allowed TheBorn to produce fresh and suitable food ingredients to make Korean dishes. Second, the Qingdao government put multilateral efforts to attract investments from South Korean companies; in practice, direct investment from Korean companies in Qingdao had increased gradually (Kim & Choi, 2019).

Despite negative expectations from the industry, the first restaurant in Qingdao made an exceptional success. Maintaining a high standard of food quality and the original taste from its home country with steady procurement of food ingredients was the critical factor for success. These actions were the core difference from other Korean franchisors; while they changed their foods to match the taste of foreign customers, TheBorn tried not to localize its taste to suit local residents since their goal was to deliver the same tasting experience of South Korea to foreign countries.

It satisfied customers' expectations from what they saw in television dramas. Localizing every aspect of Bornga, except for the food, also helped to achieve loyal fans. Eventually, the high demand from local Chinese customers allowed TheBorn to establish its first overseas sauce factory in Qingdao to reduce some procurement costs from South Korea. TheBorn founded its branch company, TheBorn China, and began to bring its famous franchises, including Hanshin Pocha and Hongkong Banjum, to China to expand its businesses on a full scale. In recent years, TheBorn found its branch companies in other countries, TheBorn Japan and TheBorn America, to assist existing restaurants on location. Admittedly, TheBorn does not own the most overseas restaurants among South Korean restaurant franchise companies, but TheBorn manages the most variety of brands aboard. TheBorn has been the vanguard of the Korean wave and undoubtedly contributed to the growth of Korean food in foreign countries.

4. Implications

4.1. Determinants of TheBorn's Performances in China with OLI Theory

This paper aims to decompose TheBorn's penetration strategies in the Chinese market through an eclectic paradigm, developed by Dunning, as a conceptual base that details the company's ownership, location, and internalization. When the eclectic paradigm, also known as OLI theory, was employed by earlier researchers to understand multi-faceted aspects of internalization (Dunning & Kundu, 1995), Dunning suggested three key advantages to implement the theory thoroughly. First, ownership advantage is the necessity of internally available skills, including copyright, patent rights, and branding that can be competitive to foreign competitors. Second, location advantage is an assessment that decides whether a company can perform specific tasks in a particular country. Often, the availabilities of low-cost labor and raw materials are considered when achieving this advantage. Last is the determination of a method of production that can suit the best of a company's needs. A company can choose to produce in-house or outsource its production by purchasing and partnering with local companies and entering joint ventures. Having all three advantages can allow a company to engage with foreign direct investment (FDI). Table 2 briefly manifests the eclectic paradigm of TheBorn's flourishing in the Chinese market.

Table 2: The OLI Theory of TheBorn in China

	Ownership Advantage	Localization Advantage	Internalization Advantage
TheBorn	<ul style="list-style-type: none"> - Food and franchise development to lead and see through current and future trend. - Unrivaled patents on TheBorn's particular food items (Daepae Samgyeopsal and Woo-samgyup). - CEO's Media appearances that indirectly advertises TheBorn to the public. 	<ul style="list-style-type: none"> - Geographically close to South Korea, so interdependence from HQ was fluent. - Close distance made easy procurement of food ingredients from South Korea. - Rising interests on Korean popular culture in China that stimulated locals to visit the restaurant. - Thoroughly reinforced its customer service to satisfy Chinese customers. 	<ul style="list-style-type: none"> - Built sauce manufacturing plant in China to produce sauces directly for its local restaurants. - TheBorn China was established as a branch company of TheBorn in South Korea to manage restaurant on site. - Employed local staff to develop customer service that fulfilled their needs and hosted cooking classes to train and educate future chefs.

4.2. Ownership Advantage

To commence with, TheBorn’s managerial resources, including its franchises, food patents, and development, have assured to hold competitive advantages to competitors in the Chinese market. As TheBorn owns 17 restaurant franchises in its home country, TheBorn can quickly respond to the latest food trend. For instance, the main reason why TheBorn chose Bornga over its other brands when entering the Chinese market is that many imported television programs exposed Koreans eating Korean barbecue, and it was appealing to Chinese people to try out. Fortunately, TheBorn’s Bornga was the perfect brand to satisfy Chinese people’s expectations. At first, most customers of Bornga were local Koreans, but slowly, the store went viral and began to be famous for Chinese people. As a result, the critical success factor of Bornga was the shift of customers from Koreans to Chinese, as 70% of customers had changed from Koreans to local Chinese people.

Bornga’s special menu, Woo-samgyup, also helped differentiate from other Korean barbecue restaurants in China, as TheBorn purely develops that no other restaurants offer. With Woo-samgyup, Bornga kept the original taste of Korean barbecue, rather than localizing food’s taste to accommodate Chinese people’s taste. Moreover, when television shows and online media contents Paik hosts began to import to China, Paik’s popularity skyrocketed and indirectly advertised TheBorn’s restaurants. TheBorn started to expand its business elsewhere in China based on what they learned from its first restaurant in Qingdao, as foreign locations serve as an environment for firms for new experiences and learnings (Dunning, 1998).

4.3. Localization Advantage

As the “Korean wave” played a vital role in China, cultural exchange between China and South Korea was invigorated (Chuang & Lee, 2013). Korean popular culture regularly displayed Korean food, and growing awareness of Korean food had resulted in China being the perfect place for TheBorn to expand its first foreign business. Geographical advantage also played a significant role because it allowed direct management from the headquarters in South Korea. Due to the close distance, TheBorn was able to take the same domestic approach to its restaurants in China in terms of maintaining the food quality, which fascinated Chinese customers. As providing the original taste of Korean food for local customers was the key takeaway, we highly discovered that the localization advantage played a significant role in expanding Bornga in China.

Hongmi Lee, the vice chief of the accountant of TheBorn China, mentioned that the vital factor of TheBorn’s successful expansion in China was the localization of customer service. One key difference in customer propensity in China was how customers value the first impression of a restaurant. Chinese customers have a tendency not to make a voice when they have any dissatisfactions towards the restaurant. They instead decide not to revisit the restaurant again. Thus, providing an excellent first impression is significant in attracting customers since it concludes whether they revisit the place and be patronized. TheBorn has changed every aspect of its restaurant except for the taste of its dishes. TheBorn thoroughly reinforces its customer service to satisfy Chinese customers first-hand to make them loyal to TheBorn. This approach eventually led TheBorn to achieve the large majority of customers in Chinese from local Koreans.

4.4. Internalization Advantage

Although TheBorn had advantageous terms in procuring food ingredients from its home country, increasing customers of Bornga required to find a way to manufacture core ingredients locally, specifically, sauces use for its cuisines. China and

South Korea have similar eating cultures. Food ingredients like meat and vegetables could be obtained locally. However, since sauces, such as the special soy sauce for Woo-samgyup, are manufactured for specific uses, TheBorn had to import them, and this would increase import cost even more if TheBorn decides to expand the franchise to other cities in China. Therefore, TheBorn built a sauce manufacturing plant in Qingdao; this helped TheBorn reduce sauces' time and procurement cost. When TheBorn opened other Bornga restaurants in China, TheBorn produced sauces on-site rather than importing from South Korea.

Additionally, TheBorn China was established for further expansions in 2007 because further expansions required direct marketing and sales activities on site. Consequently, TheBorn employed local staff who thoroughly understand Chinese customers' propensity to develop customer service that fulfils their needs. Besides operating a sauce manufacturing plant in Qingdao, TheBorn frequently hosted cooking classes to train and educate its future chefs to prevent its dishes' taste from deteriorating. There are about 800 employees in TheBorn China, and only 12 of them are Koreans; the rest are all local Chinese. Through its internalization advantage, TheBorn was able to open six more restaurants in the same year TheBorn China was established, and there are 23 restaurants in total nowadays.

5. Conclusion

This paper provides the historical background of Korean food, the financial development of the Chinese market, and the influence of Korean popular culture in China as beforehand materials. Then, by thoroughly probing TheBorn's company history, possessing franchises, CEO's background and his influence on media, and stages took for the business expansion in China. This paper demonstrates how TheBorn amplified its foreign business due to ownership, localization, and internalization advantages through the eclectic paradigm by Dunning. Notably, the close distance between South Korea and China allowed TheBorn to exercise direct management to its restaurant initially, which helped maintain the food quality and gain fame from local Chinese customers.

The findings deserve close attention to understand the behind of TheBorn's success. To commence with, TheBorn owns diverse restaurant franchises that adapt to changing food trends. It also relates to its food patents. They differentiate TheBorn from its competitors; for example, Woo-samgyup has helped TheBorn stand out from others. The close distance, in addition, between South Korea and China allowed TheBorn to exercise direct management to its restaurant; to provide the original taste of Korean food overseas, TheBorn procured food ingredients from South Korea to China to maintain the food quality. Finally, TheBorn established a sauce manufacturing plant on-site to provide sauces directly from the factory instead of procuring South Korea. These actions helped reduce the cost of shipping and expand its business in other cities of China. TheBorn China was consecutively founded to assist restaurants in China because operating localized strategy through a local branch can improve management results (Frost et al., 2002).

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