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Case Study

Success Strategies of Low-Cost Coffee Franchise Companies: A Case Study of Compose Coffee

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Abstract: (1) Background/Purpose: The Korean coffee market surpassed 7 trillion KRW in 2023, with low-cost coffee franchises emerging as a dominant force. This study investigates the competitive success strategies of these franchises, focusing on Compose Coffee in comparison with MegaMGC Coffee, The Venti, and Ten Percent Coffee. (2) Methodology: Marketing strategies were analyzed using the 4P (Product, Price, Place, Promotion) and STP (Segmentation, Targeting, Positioning) frameworks, drawing on annual reports, company websites, industry databases, and news sources for each brand. (3) Findings: Compose Coffee achieved outstanding performance—with a 41.3% operating margin in 2023 and 2,732 franchise stores—through vertical integration of its own roasting facility, an aggressive low-price strategy anchored at 1,500 KRW for iced Americano, star marketing (BTS's V), and a digital platform surpassing 17 million app members. Other brands pursued distinct approaches: MegaMGC Coffee emphasized large-volume value drinks; The Venti cultivated a trendy, youth-oriented premium image; Ten Percent Coffee positioned around quality-price balance and ESG. (4) Originality/Value: This is one of the first comparative studies to apply both 4P and STP frameworks simultaneously across four leading Korean low-cost coffee franchises. Practical strategic recommendations are offered for brand differentiation, pricing, quality management, digital marketing, sustainable management, and innovation adaptability.

Keywords: coffee franchise; low-cost coffee; 4P strategy; STP strategy; Compose Coffee; Korean coffee market; franchise success factors

1. Introduction

1.1. Research Background

The Korean coffee market has recorded average annual growth exceeding 10% over the past decade, reaching approximately 7 trillion KRW in 2023. Per-capita annual coffee consumption stands at roughly 350 cups, representing 2.5% of global coffee consumption (Korea Customs Service, 2023). Coffee imports totaled 1.11 billion USD (approximately 1.5 trillion KRW) in 2023—a figure 1.7 times higher than five years earlier and 2.7 times higher than a decade ago, with import volume reaching 193,000 tonnes.

Against this backdrop, low-cost coffee franchises emerged as a transformative force. Brands such as Compose Coffee, MegaMGC Coffee, The Venti, and Ten Percent Coffee rapidly expanded their store networks by offering high-quality coffee at prices often below 2,000 KRW. This growth was further accelerated by the COVID-19 pandemic, which increased demand for takeout and contactless services, and by the proliferation of digital ordering platforms.

The Korean franchise market has also witnessed notable failures. Caffebene, once the nation's largest coffee franchise, filed for corporate rehabilitation after overexpanding its store network and mismanaging franchisee relations—demonstrating that rapid growth without operational discipline is unsustainable. These contrasting outcomes raise important questions about the strategic factors that differentiate successful from unsuccessful low-cost coffee franchise models.

1.2. Research Objectives

This study pursues three interrelated objectives. First, to identify the key factors that have driven success in the low-cost Korean coffee franchise segment. Second, to conduct a comparative analysis of the marketing strategies of Compose Coffee, MegaMGC Coffee, The Venti, and Ten Percent Coffee using 4P and STP frameworks. Third, to derive strategic recommendations applicable to other franchise companies seeking sustainable competitive advantage.

1.3. Research Methodology

This study adopts a qualitative case-study approach. Data were collected from company annual reports, regulatory disclosures (Fair Trade Commission franchise information system), corporate websites, industry research reports (Euromonitor, Korea Health Functional Food Association), and news articles. The 4P and STP frameworks were applied as analytical lenses to evaluate each brand’s marketing strategy and competitive positioning.

2. Theoretical Framework

2.1. The 4P Marketing Mix

The 4P marketing mix, introduced by McCarthy (1960) and extended by Kotler (2003), identifies Product, Price, Place, and Promotion as the core levers through which firms deliver value to target markets. Each element is defined in Table 1.

Table 1. Components of the 4P marketing mix.

Element	Definition
Product	Goods or services offered to meet customer needs; includes quality, design, brand, packaging.
Price	Monetary value of the product; pricing policies, discounts, credit terms.
Place	Methods and locations for delivering products to customers; distribution channels, store locations.
Promotion	Activities to inform and persuade customers; advertising, PR, digital marketing, personal selling.

2.2. STP Strategy

STP strategy—Segmentation, Targeting, and Positioning—was systematized by Kotler and Keller (2016) as the foundation of strategic marketing. Smith (1956) first argued that effective differentiation requires dividing the market and selecting appropriate sub-segments. The components are defined in Table 2.

Table 2. Components of the STP strategy.

Element	Definition
Segmentation	Dividing the total market into sub-markets based on demographics, geography, psychographics, or behavior.
Targeting	Selecting specific segments to focus marketing efforts on, based on attractiveness and company resources.
Positioning	Building a distinct image for the product relative to competitors in the minds of target consumers.

2.3. Franchise Success Factors

Prior scholarship has identified several critical success factors for franchise businesses. Resource-Based View theory (Barney, 1991) emphasizes that durable competitive advantage derives from firm-specific resources such as brand equity, proprietary systems, and operational capabilities. Agency theory highlights that minimizing information asymmetry between franchisors and franchisees—through contracts, training, and support—is central to system-wide performance (Rubin, 1978). Network theory further underscores that brand recognition and consumer trust increase with network size, generating positive feedback effects.

In the Korean context, Kim (2018) established that consumer satisfaction and brand loyalty are the most significant success factors for coffee franchises, while Lee (2020) demonstrated that digital transformation—particularly mobile ordering systems—is now indispensable for franchise competitiveness. Song and Cho (2018) identified CEO capability, system building, brand management, and product differentiation as the four primary drivers of franchise success.

For low-cost coffee franchises specifically, key success factors include: (1) price competitiveness achieved through vertical integration and scale economies; (2) takeout-centric operating models that reduce overhead; (3) aggressive celebrity marketing to build brand awareness; and (4) rapid proliferation of franchisee stores that lower per-unit supply costs (Yi, 2024).

3. Environmental Analysis

3.1. The Korean Coffee Market

The Korean coffee market has evolved from a niche imported-brand segment in the late 1990s into one of the most competitive beverage markets globally. Starbucks' entry in 1999 catalyzed a shift in consumer perception of coffee from a simple beverage to a lifestyle choice. From 2015 onwards, two parallel trends accelerated simultaneously: the rise of specialty coffee culture (emphasizing bean origin, roasting profiles, and barista craft) and the explosive growth of low-cost coffee franchises targeting price-sensitive consumers.

The COVID-19 pandemic (2020–2022) reshaped the market further. Social distancing mandates reduced dine-in traffic but expanded demand for takeout and delivery, home-brewing, and digital ordering. Low-cost franchises, which had already invested in compact takeout-oriented store formats, were structurally well-positioned to capture this demand shift.

By 2023, the rate of coffee purchase experience among Korean consumers reached 82.1%, and average annual spending per coffee consumer stood at approximately 340,000 KRW (MFDS, 2024). Low-cost coffee franchise store counts overtook red ginseng products as the leading health beverage category, and the segment continues to grow even as the overall market experienced relative stagnation between 2022 and 2024.

Figure 1. Korean coffee (green bean and roasted bean) import value trend. Source: Korea Customs Service Trade Statistics.

3.2. Industry Structure and Competitive Landscape

Approximately 850 coffee brands operate in Korea, categorized broadly into premium (Starbucks, Blue Bottle), mid-tier (Twosome Place, Ediya), and low-cost segments. Within the low-cost segment, a franchise is generally defined by an Americano price at or below 3,000 KRW (Yi, 2024). Major brands in this segment include Compose Coffee, MegaMGC Coffee, The Venti, Ten Percent Coffee, and Paik's Coffee.

Figure 2. Growth in low-cost coffee franchise store counts. Source: Korea Fair Trade Commission; individual company disclosures.

As of end-2023, Ediya Coffee led with approximately 3,900 stores, followed by MegaMGC Coffee (~3,100) and Compose Coffee (~2,732), according to Fair Trade Commission franchise disclosures. Low-cost franchise stores collectively account for a growing share of the estimated 90,000+ coffee shops operating nationwide.

4. Case Analysis

This section analyzes the 4P and STP strategies of MegaMGC Coffee, The Venti, Ten Percent Coffee, and Compose Coffee—the four leading low-cost Korean coffee franchise brands selected for their market scale, brand distinctiveness, and data availability.

4.1. MegaMGC Coffee

4.1.1. Company Overview and Growth

Founded in 2014 and launching franchise operations in 2015, MegaMGC Coffee differentiated itself from inception through large-volume offerings at competitive prices. By leveraging a partnership with Daesang Corporation for bean supply, it achieved cost efficiencies that permitted a consistent value positioning. Following the appointment of global soccer star Son Heung-min as brand ambassador in 2022, MegaMGC Coffee added approximately 1,000 stores within a year, reaching roughly 3,100 locations by end-2023.

4.1.2. 4P Strategy

Product: MegaMGC Coffee's product strategy centers on large-volume drinks (the 'Mega Size') across a broad menu including espresso-based beverages, cold brew, seasonal drinks, non-coffee options, and desserts. High-quality beans are used and packaging is designed for takeout efficiency. Price: The brand targets mid-low price positioning, with large-volume drinks priced significantly below premium competitors. Promotional discounts, seasonal pricing events, and loyalty point accrual provide additional value for price-sensitive consumers. Place: Stores are concentrated in major commercial districts, university areas, and shopping malls. Delivery platform partnerships extend reach beyond physical store visits, and mobile app and web ordering further enhance accessibility. Promotion: Marketing activities include SNS-based campaigns across Instagram and Facebook, a robust loyalty program, regional community events, influencer collaborations, and seasonal promotions. The Son Heung-min sponsorship significantly elevated brand awareness among sports enthusiasts and general consumers.

4.1.3. STP Strategy

Segmentation: MegaMGC Coffee segments the market along age (20s–40s), lifestyle (busy urban professionals and students), price sensitivity (moderate to high), and geography (major cities). Targeting: The primary target is office workers and university students aged 25–45 who consume coffee daily and seek value. Health-conscious consumers are a secondary target, addressed through low-calorie and functional beverage options. Positioning: The brand is positioned as ‘value-for-money,’ community-friendly, and health-oriented—offering fast, convenient, large-volume coffee at a price that delivers clear economic satisfaction.

4.2. The Venti

4.2.1. Company Overview and Growth

Founded in 2012 in Seoul, The Venti entered the market with a philosophy of ‘customer-friendly price and quality.’ It launched franchise operations in 2013, rapidly expanding through a low entry cost model. From 2017, the brand made deliberate moves to extend into the premium beverage segment while retaining accessible pricing. The COVID-19 period accelerated digital expansion through mobile ordering and delivery platform integration.

4.2.2. 4P Strategy

Product: The Venti offers a wide menu spanning espresso drinks, teas, ades, and seasonal desserts, with strong emphasis on limited-edition items and brand collaborations. Product packaging uses clean, minimalist design reflecting a premium-adjacent aesthetic. Price: Pricing is mid-low, complemented by seasonal promotions and flexible size options. The brand targets consumers who seek premium aesthetics at accessible price points. Place: Stores are sited in major commercial districts, university areas, and residential zones, with emphasis on modern, comfortable interiors designed to encourage extended visits. Online ordering and delivery services have been strengthened. Promotion: The Venti actively utilizes Instagram, Facebook, and YouTube for trendy content creation, engages in brand collaborations, and runs SNS campaigns leveraging user-generated content. Mobile app-based events drive repeat visits and loyalty.

4.2.3. STP Strategy

Segmentation: The brand targets the late teens to early 30s demographic along lifestyle (trend-sensitivity, image-consciousness), price, and beverage preference dimensions. Targeting: The primary target is young trend-conscious women who actively seek stylish, Instagrammable products. Busy professionals seeking quick consumption are a secondary target. Positioning: The Venti is positioned as a ‘trendy and value-premium brand’—blending the visual appeal of a premium café with the accessibility of a mid-low price range. Convenience and fast service are complementary positioning elements.

4.3. Ten Percent Coffee

4.3.1. Company Overview and Growth

Established in 2014 with a single owner-operated store, Ten Percent Coffee adopted a franchise model in 2016 and expanded rapidly, currently operating over 700 locations. In 2018, the company opened a proprietary roasting center—a pivotal investment that enabled direct quality control and cost reduction. A brand identity refresh in 2019 repositioned stores as comfortable community spaces. Digital investment accelerated from 2020, with the introduction of mobile ordering, membership systems, and delivery services.

4.3.2. 4P Strategy

Product: Ten Percent Coffee’s core products are high-quality espresso drinks produced from self-roasted beans. A broad menu includes decaffeinated beverages, teas, ades, smoothies, and desserts, with seasonal menus updated regularly. The brand is an early adopter of eco-friendly packaging and reusable cup campaigns. Price: The brand’s pricing philosophy—‘affordable without sacrificing quality’—results in prices slightly below the market average. Membership discounts, time-based promotions, and free tasting events create additional perceived value. Cost efficiency is achieved through self-roasting and bulk raw material procurement. Place: Stores are distributed across residential zones, university areas, and office districts, prioritizing high foot-traffic locations with moderate rents. Small-to-medium store formats provide flexibility in location selection. Delivery and takeout services address non-dine-in demand. Promotion: Digital promotion leverages Instagram, Facebook, and KakaoTalk channels with hashtag campaigns and consumer participation events. ESG-linked promotions (reusable cup discounts, sustainability messaging) strengthen brand values. Community sponsorships and seasonal product launches with merchandise gifts foster emotional brand attachment.

4.3.3. STP Strategy

Segmentation: Ten Percent Coffee applies demographic (20s–40s primary, with broader age inclusivity via non-coffee offerings), psychographic (pragmatic value-seekers and experience-seekers), behavioral (daily consumers and occasional buyers), and geographic (residential, university, office) dimensions. Targeting: Core targets are university students and young professionals seeking affordability and quality. Middle-aged consumers and families are secondary targets, attracted by the diverse non-coffee menu. Digital-native consumers are addressed through mobile ordering and delivery. Positioning: Ten Percent Coffee occupies a 'high-quality coffee at reasonable prices' positioning—combining the credibility of a self-roasting operation with a 'friendly neighborhood café' image and a supplementary ESG narrative.

4.4. Compose Coffee

4.4.1. Company Overview and Growth

Compose Coffee launched on January 13, 2014, at a single store near Kyungsung University in Busan—unusual for a national franchise in being headquartered outside Seoul. Its parent company, JM Coffee Group, had operated in the coffee bean import and equipment business since 1999, giving Compose Coffee a foundational advantage in supply chain control. The group owns Korea's largest coffee bean roasting factory, capable of producing 10 tonnes/day (240 tonnes/month), and operates a fully automated smart factory certified by HACCP. The proprietary 'Bitter Holic' bean blend, roasted in Probat equipment using accumulated expertise, is the quality backbone of the brand.

Store count growth has been rapid: 150 in 2017, 800 in 2020, 2,000 in 2022, and 2,732 by 2024, making Compose Coffee the third-largest coffee franchise in Korea by store count (after Ediya Coffee at ~3,900 and MegaMGC Coffee at ~3,100). Average monthly store revenue stood at approximately 25 million KRW per store in 2023. Financially, Compose Coffee reported revenues of 88.86 billion KRW in 2023 (+20.5% YoY) and operating profit of 36.68 billion KRW (+45.2% YoY), yielding an operating margin of 41.3%—far exceeding industry peers (Table 3).

Table 3. Compose Coffee financial performance. Source: Korea Fair Trade Commission franchise information disclosures.

Year	Revenue (100M KRW)	YoY Growth	Operating Profit (100M KRW)	YoY Growth	Operating Margin
2022	737.6	43.2%	252.6	57.5%	34.2%
2023	888.6	20.5%	366.8	45.2%	41.3%

Table 4. Operating margin comparison across low-cost coffee franchise companies. Source: Korea Fair Trade Commission.

Brand	Compose Coffee	MegaMGC Coffee	The Venti	Ten Percent Coffee
Operating Margin	41.3%	18.8%	14.6%	13.4%

Key COVID-19-era tailwinds accelerated Compose Coffee's expansion: social distancing mandates boosted takeout demand, and the brand's compact store format facilitated aggressive store rollout. The brand's mobile app, launched in 2021, surpassed 10 million registered members by 2023 and reached 17 million by 2024, enabling personalized marketing and efficient direct customer engagement.

4.4.2. 4P Strategy

Product: Compose Coffee offers a streamlined but broad menu anchored by Americano—which accounts for over 50% of sales—alongside lattes, cold brews, ades, teas, and seasonal drinks. All beverages use premium Grade 1 milk. Desserts include trendy SNS-viral items (doughnuts, croissants, waffles, roll cakes) priced below 5,000 KRW to reinforce value appeal. Consistent quality is maintained through proprietary bean sourcing and weekly bean rotation to ensure freshness. Packaging is simple, modern, and partially eco-friendly. Price: Compose Coffee's most distinctive competitive attribute is its pricing: hot Americano at 1,500 KRW and iced Americano at 1,500 KRW—the latter being 500 KRW cheaper than MegaMGC Coffee's 2,000 KRW. This 'second-mover price undercut' strategy (matching quality but undercutting the category leader on the most popular SKU) was enabled by the self-owned roasting facility, which eliminates third-party margins. The operating margin of 41.3% in 2023 confirms that this is a value-creation strategy, not a margin-destruction strategy. Place: Stores are concentrated in high-foot-traffic zones (university areas, office districts, subway station vicinities) and are compact, takeout-centric, and designed for operational efficiency. Geographic balance across metropolitan and mid-sized cities prevents cannibalization. Mobile app pre-ordering, delivery platform partnerships, and in-store kiosks minimize labor costs and waiting times. Promotion: Compose Coffee employs a twotrack promotional approach. Operationally, local community events, word-of-mouth, and franchisee co-investment characterize the store-level strategy. At the brand level, high-profile celebrity endorsements reposition the brand upward: actor Jung Hae-in from 2022, followed by BTS' V in 2023—generating record app downloads and a 3rd-place brand reputation ranking in the July 2024 Korea Business Research Institute coffee shop big-data analysis.

Figure 3. Coffee shop brand reputation rankings (Korea Business Research Institute, July 2024 big-data analysis). Source: Korea Business Research Institute.

4.4.3. STP Strategy

Segmentation: Compose Coffee applies demographic segmentation (20s–40s; students, entry-level workers, self-employed), psychographic segmentation (pragmatic value-seekers; functional over aspirational), behavioral segmentation (high-frequency daily consumers; morning and lunch takeout occasions), and geographic segmentation (commercial districts, university areas, mid-sized cities). Targeting: The primary target is the economically conscious 20–40s consumer who views coffee as an everyday necessity rather than a discretionary indulgence. Specifically, university students, early-career workers, and small business operators who face income constraints but consume coffee multiple times daily. Positioning: Compose Coffee's positioning is anchored by 'rational price plus genuine quality'—not merely the cheapest option, but the most trustworthy value proposition in the low-cost segment. Accessibility (physical and digital), freshness (self-roasted, weekly-rotated beans), and brand modernity (star marketing, app ecosystem) are the three supporting pillars.

4.5. Comparative Analysis

Table 5 summarizes the 4P strategies of all four brands, while Table 6 compares their STP strategies.

Table 5. Comparative 4P strategy analysis of low-cost coffee franchise companies.

Brand	MegaMGC Coffee	The Venti	Ten Percent Coffee	Compose Coffee
Product	Large-volume drinks, diverse options, premium beans at reasonable price	Trendy & diverse drinks, desserts, seasonal menus	High-quality beans, non-coffee drinks, seasonal menus	Quality-price balance, streamlined menu, own roasting facility
Price	Value-focused, mid-low pricing, bulk discount structure	Mid-low range, varied promotions and size options	Low price with quality guarantee, membership discounts	Lowest in segment; own roasting enables cost advantage
Place	Commercial districts, shopping malls, expanded delivery	University areas, commercial zones, offline & online	Commercial & residential areas, active delivery	High-traffic areas, small-format stores, mid-sized cities
Promotion	SNS, loyalty program, seasonal events, celebrity (Son Heung-min)	SNS, trendy campaigns, brand collaborations	SNS, digital campaigns, seasonal discounts	Local word-of-mouth, digital platforms, star marketing (BTS V)

Table 6. Comparative STP strategy analysis of low-cost coffee franchise companies.

Brand	MegaMGC Coffee	The Venti	Ten Percent Coffee	Compose Coffee
Segmentation	Price sensitivity, age-based, lifestyle considerations	Youth-centered, lifestyle, price sensitivity	Price-sensitive & trend-seeking consumers	Value-oriented consumers in major commercial districts
Targeting	20s–40s office workers & students, price-sensitive	Late teens to early 30s, busy lifestyle	University students, workers, broad age range	20s–40s pragmatic consumers in universities & offices
Positioning	Value-for-money, community-friendly, health-oriented	Young & trendy, premium value beverage	Quality-value harmony, everyday consumption	Rational price + quality, accessibility in daily life

All four brands share a foundational commitment to value-for-money as their primary consumer promise. However, they diverge significantly in execution. MegaMGC Coffee differentiates through sheer volume (large cups) and community proximity. The Venti differentiates through aesthetic and trendy positioning targeting female youth. Ten Percent Coffee differentiates through quality credibility and ESG narrative. Compose Coffee differentiates through the most aggressive price point in the segment, enabled by vertical integration, combined with cultural capital generated by high-profile celebrity partnerships. The outcome, as evidenced by Compose Coffee's 41.3% operating margin versus peers' 13–19%, suggests that the vertical integration + aggressive pricing + brand investment combination is the most financially powerful configuration in this competitive set.

5. Discussion and Strategic Recommendations

5.1. Brand Differentiation

In a market where the core value proposition (affordable coffee) is shared by many competitors, sustainable advantage requires differentiation beyond price. Brands should invest in a clearly defined brand story and value proposition—whether rooted in bean sourcing ethics, regional identity, health orientation, or cultural partnership—to create emotional resonance that transcends transactional value. Signature menu items or service rituals that are uniquely associated with a brand can anchor distinctive identity. Consistent cross-channel customer experience is the mechanism through which brand identity is converted into loyalty.

5.2. Rational Pricing Policy

The evidence from Compose Coffee demonstrates that aggressive pricing need not destroy profitability if supported by genuine cost advantages (vertical integration, scale efficiencies). Companies without proprietary manufacturing must be more selective: price reductions should be calibrated against margin impact, differentiated by region and channel, and supplemented by membership programs and digital promotions that maintain price discipline while providing perceived consumer value. Product tier architecture (a basic menu at the entry price point alongside an elevated premium tier) can expand revenue per customer without undermining value positioning.

5.3. Quality and Service Excellence

Consumer trust in low-cost franchise brands is fragile: a single quality lapse amplifies negatively through social media. Brands must standardize quality management through rigorous supply chain controls, documented operating procedures, and regular franchisee audits. Employee training—including customer interaction skills and product knowledge—should be treated as an ongoing investment rather than a one-time onboarding activity. Digital tools (kiosks, mobile pre-ordering, real-time inventory management) can simultaneously improve service speed and reduce operator labor burden.

5.4. Digital Marketing and Customer Engagement

The 17 million Compose Coffee app members illustrate the transformative potential of digital ecosystems for low-cost franchises. Personalized promotions, purchase history-based recommendations, time-targeted offers, and gamified loyalty programs create switching costs and increase visit frequency. Short-form video content (TikTok, Instagram Reels) aligned with youth culture is a high-ROI channel for brand building. Real-time response to customer reviews and complaints, conducted publicly and constructively, signals brand accountability and builds trust.

5.5. Sustainable Management (ESG)

Consumer expectations of corporate responsibility are rising, particularly among the 20s–30s core demographic of these brands. Practical sustainability initiatives—eco-friendly packaging transitions, reusable cup discount programs, fair-trade bean sourcing, and transparent supply chain reporting—are increasingly table stakes for brand legitimacy. Community engagement (supporting local farmers, sponsoring neighborhood events) builds genuine local loyalty that advertising cannot replicate. Internally, fair labor practices and structured employee development create the staff quality and retention that underpin consistent service.

5.6. Innovation and Adaptability

The market failures of brands such as Caffebene demonstrate that neither first-mover advantage nor early scale guarantees durability. Low-cost coffee franchises must institutionalize innovation processes: structured new product development pipelines informed by trend monitoring and consumer feedback; technology adoption roadmaps for store operations and customer interface; and organizational cultures that reward experimentation and rapid iteration. Horizon-scanning for structural market shifts—demographic change, sustainability regulation, labor market dynamics, digital platform disruption—should be embedded in strategic planning cycles.

6. Conclusions

This study analyzed the success strategies of four leading Korean low-cost coffee franchises—Compose Coffee, MegaMGC Coffee, The Venti, and Ten Percent Coffee—using 4P and STP analytical frameworks. The findings reveal that while all four brands share a foundational value-for-money positioning, they achieve differentiation through distinct configurations of product strategy, pricing architecture, distribution approaches, and promotional investments.

Compose Coffee's outstanding financial performance (41.3% operating margin; 17 million app members; 2,732 stores) demonstrates that vertical integration of the supply chain is the most powerful structural enabler of price competitiveness without margin sacrifice. Its star marketing strategy successfully elevated brand perception beyond a purely low-cost image. MegaMGC Coffee's large-volume positioning and community-centric approach, The Venti's trendy youth-oriented premium aesthetic, and Ten Percent Coffee's quality-ESG narrative each represent viable and coherent alternative positioning strategies.

The comparative analysis suggests that the critical success determinants in this competitive context are: (1) structural cost advantages from supply chain control; (2) disciplined STP alignment that matches product and price reality with target consumer expectations; (3) brand investment sufficient to escape pure price competition; and (4) digital ecosystem development that deepens customer relationships and enables personalized engagement.

Future research should address limitations of the present study. The qualitative case-study approach limits statistical generalizability; quantitative survey data on consumer preferences and switching behavior would strengthen causal inference. Longitudinal analysis—tracking brand performance across market cycle phases—would illuminate how these strategies perform under varying macroeconomic conditions. Cross-national comparative studies would assess the exportability of Korean low-cost coffee franchise models to other markets where similar rapid market expansion is underway.

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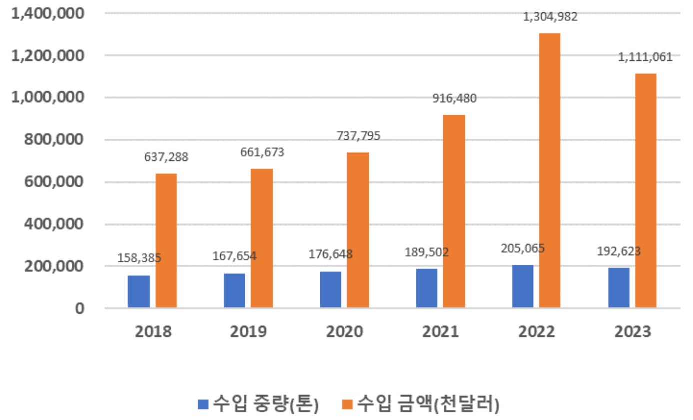
<그림 1> 커피(원두·생두) 수입 현황



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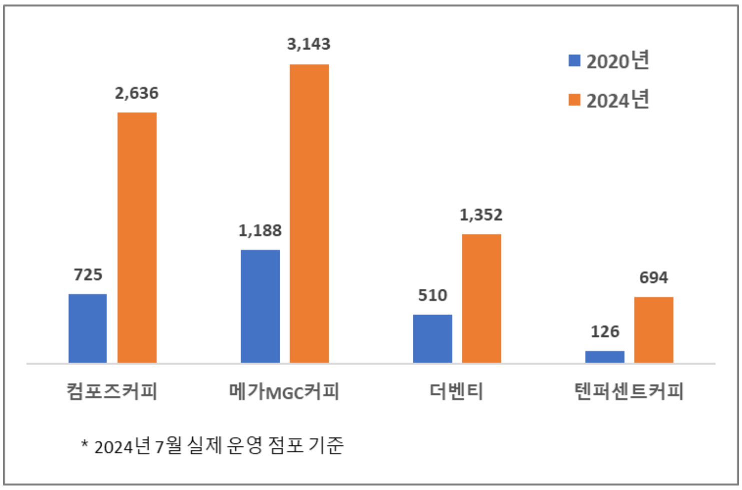

자료 : 공정거래위원회, 각사

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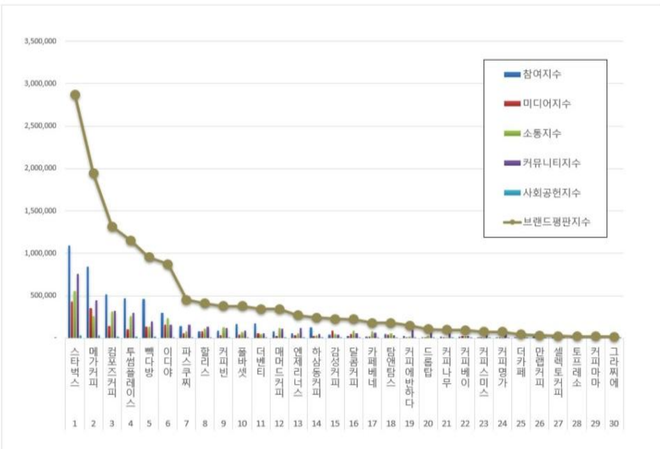

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