Success Story of Professional Laundry Service in Korea

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Introduction
An increased number of double-income households and single-person households corresponds to an increased number of commercial laundry services. While professional laundry services are expected in the future to serve an important role in the clothing industry, minimal research addresses professional laundry services. The purpose of this study is to analyze a professional laundry service company operating in Korea from a marketing perspective and to identify its success factors.

Method
The selected case study involves *Cleantopia*, "a laundry service company that started its business as Korea's first-ever advanced laundry store in 1992 ("*Cleantopia*," n.d.)." *Cleantopia* comprises a nearly 80% market share, and it steadily maintained the top position in the laundry industry.

Results
The key to *Cleantopia*'s success relates to its management policy of "principle and innovation." *Cleantopia* adopted various marketing strategies to realize its management philosophy: cultivating talented personnel, customer satisfaction, and social contribution. It aimed to satisfy these goals by placing highest value on improving the quality of customers' lives. The following marketing strategies led *Cleantopia*'s success.

- High quality laundry service - *Cleantopia* established company-annexed institution, *Cleantopia* R&D Center, to improve laundry service in 2006. *Cleantopia*'s R&D Center differentiates *Cleantopia* from its competitors, such as World Cleaning, Cleanaid, and Cleanwith. *Cleantopia*'s R&D Center pursues eco-friendly service and improvement of laundry quality through various experiments and technical exchanges with developed countries such as Japan, U.S., and Europe. *Cleantopia*'s R&D Center studies washing methods for new materials, suitability of detergents, and optimum ironing methods.
- Reasonable prices - Since laundry is labor-intensive, labor expenses constitute over 50% of overall costs. Unlike regular laundry, *Cleantopia* does not provide delivery services. Customers drop off and pick up their laundry directly, so *Cleantopia* saves these labor expenses. In addition, *Cleantopia* increased productivity through the automation of laundry facilities, such as automatic Y-shirt ironing and tunnel systems (a facility to remove wrinkles, foreign matter, and dust with steam spray via passing through tunnels).
- Innovation of physical distribution – *Cleantopia* currently comprises 136 branches and 2630 chains nationwide. Branch offices collect and deliver laundry three times per day across franchises in the assigned area. None of the chain stores carry laundry facilities, and all

washing tasks are performed at branch offices. All stages – reception at the store to the laundry service at the branch office – are managed by a real-time online system, enabling accurate laundry tracking and customer service history management. In addition, *f* provides more accurate and high-speed services by introducing automatic laundry sorting systems (barcode recognition system).

- Extension of business - In 2009, *Cleantopia* launched a laundry multi-shop "*Cleantopia* Coinwash," combining a launderette with a laundry convenience store to adapt to consumers' changing lifestyles. *Cleantopia* Coinwash overcomes the limitations of the unmanned system. While most coin laundries perform on a completely unattended system, *Cleantopia* Coinwash can quickly resolve related inquiries within the store because the storeowner resides at the store during business hours. Hygiene problems involved with washing machines may be trusted because they are managed by employees systematically. Moreover, *Cleantopia* Coinwash maintains rigorous cleaning training at its headquarters and sets rules for hygiene management. In 2016, *Cleantopia* constructed a plant dedicated to laundry facilities for medical institutions. It introduced medical laundry services that specialize in hospital laundry (doctors' and nurses' gowns, patients' clothing, bed sheets, etc.). *Cleantopia* started to provide patient-clothing and hospital uniform rental services. To that end, *Cleantopia* delegated the research and development of patient clothing and hospital uniforms to the Department of Clothing and Textiles, Hanyang University, under the industry-academia cooperation program. According to the Social Network Analysis-based research (Kim, Park, & Lee, 2017), conducted by the Retailing Lab in the Department of Clothing and Textiles, Hanyang University, people increasingly share pictures on social media wearing patient clothing. Design Lab developed a design for patient clothing and hospital uniforms, according to research results.
- Franchise-Franchisee (win-win strategy) – *Cleantopia* maintains a "principle of no margin." It does not require storeowners to pay additional costs other than royalties, which comprises 1.5% of the sales. In addition, *Cleantopia* is the only company in the franchise industry that carries a policy to support 50% of the franchise's credit card fees. *Cleantopia* established the industry's first cleaning school in Korea. It provides classes on laundering theory, practical training, and service training to employees and those aiming to operate their own businesses. Also, for those who cannot attend the classes, the "Clean Academy," an online education site, provides education. It focuses on the principles of chain operation for start-ups. As a result, the efforts of the franchise-franchisee is a win-win. Indeed, the closure rate of *Cleantopia* chains is very low, less than 2%.

Conclusions

Ultimately, the secret to the success of *Cleantopia* is the improvement of customer service through continuous technology development and win-win partnership arrangements. *Cleantopia* created new business models and launched in the market successfully through careful attention to ever-changing consumers' lifestyles. Another success factor is its active engagement in technological exchanges with developed countries and industrial-academic cooperation.

Reference

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