

Marketing Strategy Analysis of Starbucks in China's Market

Haocheng Li^{1,*}

¹Nacis, Shanghai, 201107, China

*Corresponding author: charles_li@nacis.cn

Abstract:

This study analyzes Starbucks in the Chinese market and provides insights into the company's strategy based on a questionnaire survey of consumer cognition. Starbucks has successfully localized its products by launching products with Chinese characteristics, such as the "Fuman Chestnut Macchiato" launched during the Spring Festival, which resonates with local cultural sentiments. The company has also strategically expanded its presence in lower-tier cities where competition is less fierce, allowing it to capture new markets. This strategy, high brand awareness, extensive distribution network and recognized product quality have consolidated its position in China. Secondly, this study also analyzes Starbucks' social responsibility. Starbucks launched the "GOOD GOOD" initiative to encourage environmental protection through plant-based products and sustainable materials. This is in line with its global Sustainable development Goals. The study also conducted a questionnaire survey, according to which Starbucks' environment, variety of beverages and personalized service are its most popular features in China. The company has high brand recognition and an extensive store network, though future efforts should focus on lowering prices and offering more products suited to Chinese tastes to further improve its market position.

Keywords: Products with Chinese market characteristics, "GOOD GOOD" strategy, sustainable development.

1. Introduction

Starbucks is one of the most famous coffee brands in the world and is distributed all over the world. As an internationally renowned coffee company, Starbucks can not only provide high-quality coffee drinks, but also create a comfortable and culturally rich consumption experience through the kindness of staff and elegant environment. In addition to the

classic coffee products that consumers are familiar with, Starbucks has also launched a wide range of beverages, pastries and bagged coffee beans to meet the tastes and needs of different consumer groups. In a recent ranking of the world's most valuable brands, Starbucks ranked 15th, up three places from last year. Therefore, seeing that Starbucks ranks first in the coffee industry in recent years, this study will focus on

this reason to analyze how they reach a stable consensus and how to use marketing strategies to impress Chinese consumers, improve buyback rates and brand loyalty [1]. Most industries are driven by young people, so the target group of this study is consumers between 25 and 40 years old, because this group has a relatively open schedule and strong spending power, and is the main active group in the consumer market. Therefore, this study wants to know what the main marketing strategy of Starbucks is. The purpose of this study is to summarize a series of conclusions based on the views and perspectives of Chinese locals through questionnaires, and finally analyze how Starbucks builds its brand image. Gain recognition among 25-40 year olds in China through marketing strategies [2].

2. Subject Content

2.1 Localization Strategy

Starbucks adopted the localization strategy in the Chinese market, and launched many products with Chinese charac-

teristics according to the Chinese audience [3,4]. In these products, a meaningful name can attract attention and facilitate memory. Starbucks will have a variety of homophonic sounds in the coffee name in the Chinese market, which is convenient to remember and also has a beautiful meaning. For example, during the Spring Festival, “Fuman Chestnut Macchiato” is launched, in which Fuman means “full of fortune” in Chinese, to express good wishes. This word is usually used in festivals or greetings to give people a feeling of festivity and happiness. By using the word “Fuman”, Starbucks wants to convey a kind of good wishes during the Spring Festival, attracting customers to feel good luck and happiness when they enjoy their drinks. Chinese consumers can associate this drink with a warm family atmosphere and festive celebrations. This not only allows consumers to feel the dual enjoyment brought by the integration of Chinese and Western food cultures, but also increases the cultural connotation and attractiveness of products to attract Chinese consumer groups.

2.2 Store Layout Strategy

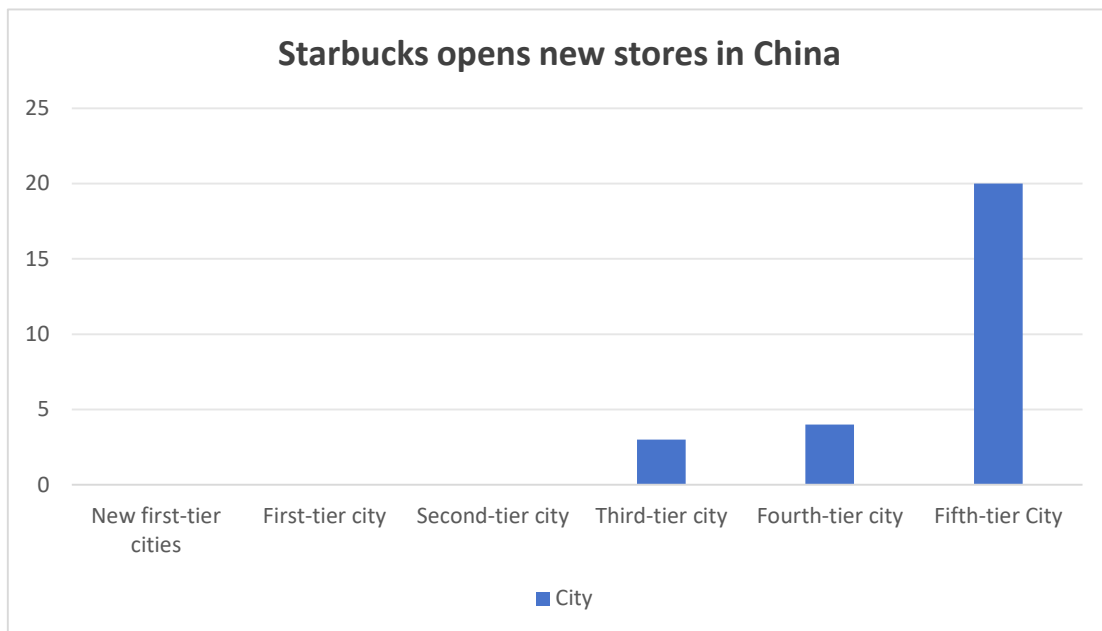


Fig. 1. Starbucks opens new stores in China

According to the figure 1, Starbucks has used surprising strategies to break into new markets and expand more stores.

Starbucks’ store layout strategy is to open up new cities [5]. According to the data and statistics in Figure 1, Starbucks has settled in 27 new cities in the past 12 months, covering 71% of the prefecture-level cities in the country, and all of them are third-tier and below cities, and fifth-tier cities account for 74%. Because in the first-tier cities, the market competition is extremely fierce, all kinds of brands

and enterprises are competing for a limited market share, and the beverage market in the first-tier cities has almost reached saturation. On the contrary, when new stores are opened in lower-tier cities, a kind of “blank market” can be created [6]. The empty market provides Starbucks with the opportunity to expand its business, developing more stores through high growth potential, greater room for innovation, and smaller competitors. Starbucks has adopted a different strategy from first-tier cities, adjusting for the unique needs of these markets, such as pricing strategy.

Compared with first-tier cities, the purchasing power of consumers in lower-tier cities will be even weaker. So Starbucks will adjust prices in lower-tier cities, or use promotions and offers to attract customers. It is also using image-building to appeal to the growing middle class and young Chinese consumers [7].

2.3 Brand Culture Shaping

As a famous coffee brand, Starbucks has strict control over the quality of its products. Because of the adherence to the use of high-quality raw materials, the serious treatment and production of employees, to bring consumers the best taste experience [8]. Not only coffee, Starbucks has also introduced many popular products to the Chinese market, such as hot milk for children, caramel macchiato without bitter taste, and Swiss rolls for dessert. This different style of goods not only meets people's pursuit of taste, but also gives everyone a comfort and pleasure in their busy lives [6].

Starbucks also has a different flavor in store design. On January 18, 2018, Starbucks opened its first flagship store in Jiangsu and the fifth flagship store in China - Starbucks Reserve Suzhou Center Flagship Store. Starbucks is already known for its carefully selected beans. The "Reserve Flagship store" is designed with more attention to detail and luxury, such as displaying artwork and an open barista bar, while consumers can directly view the area where baristas work to create a unique atmosphere.

Starbucks focuses on opening stores in neighborhoods, and they will create a "third space" concept [5,7]. It is based on this concept, through a cup of coffee to open the emotional exchange between people, actively promote

the human connection, but also committed to provide customers with a warm and comfortable environment, so that they can temporarily escape the pressure of work and family. Through continuous innovation and emotional connection with consumers, Starbucks will become a brand that delivers lifestyle and cultural values.

2.4 Social responsibility
Starbucks has a "GOOD GOOD" program in China. Advocate consumers to actively explore "good for themselves, good for the earth, let good change good" environmental lifestyle.

GOODGOOD Food TM's executive intent is to enable consumers to experience plant-based and sustainable products such as cups and notebooks made from recyclable and environmentally friendly materials. The product is made from leftover Starbucks coffee grounds. Starbucks plans to use this new renewable material in more areas and be widely used to provide customers with a new environmentally sustainable experience.

3. Questionnaire Survey

The survey aims to understand the cognition and opinion of 151 young respondents on Starbucks in the Chinese market, and make an objective evaluation of Starbucks' products, positioning, competitors, strengths, weaknesses and future development direction through their own experiences and opinions. The original purpose of this study is to collect a large amount of information and opinions about the Starbucks brand in the Chinese market through questionnaire design and through the respondents who have consumed Starbucks. The main results of this study are analyzed and explained below.

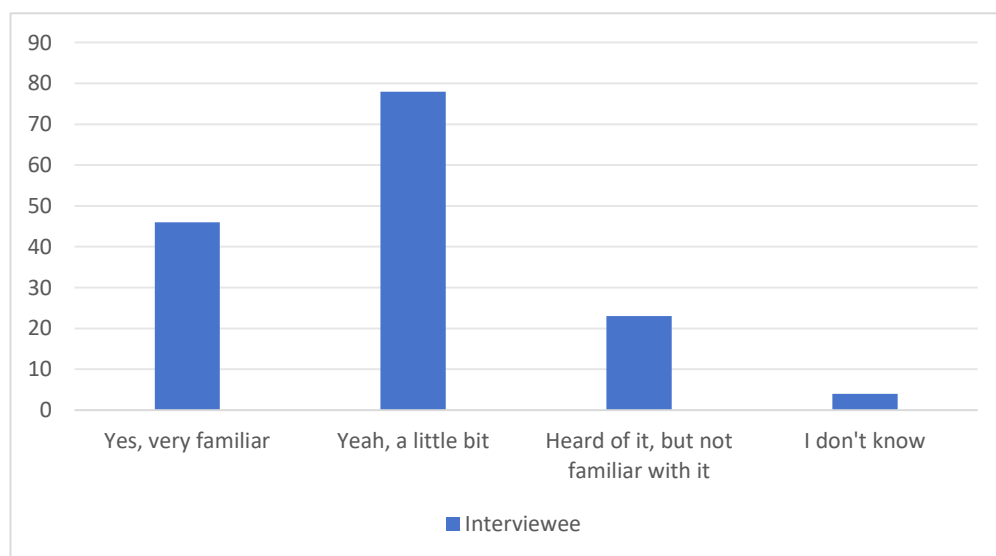


Fig. 2. Respondent

According to figure 2, most people have some level of understanding of the Starbucks brand.

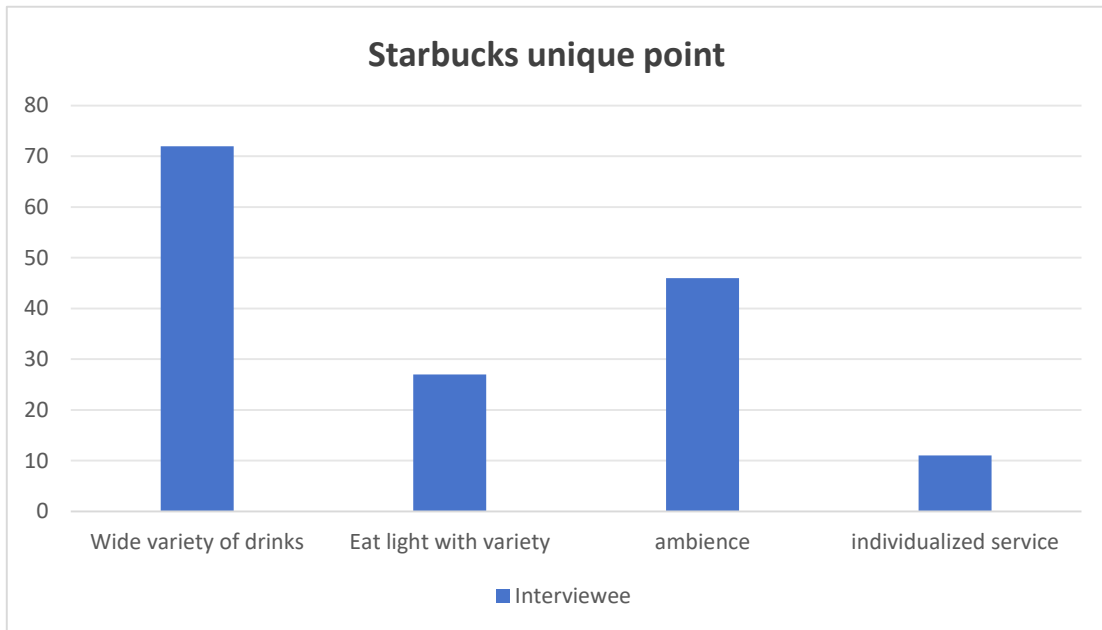


Fig. 3. Starbucks unique point

The characteristics of Starbucks are mainly distributed in the environment, beverage varieties and personalized service as shown in figure 3.

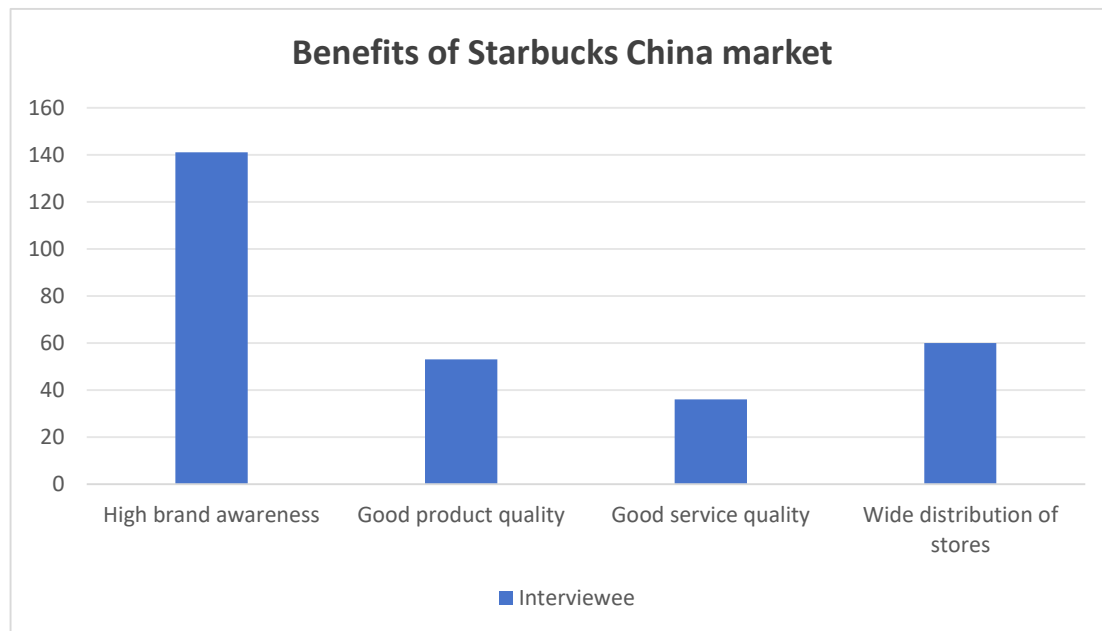


Fig. 4. Benefits of Starbucks China market

As shown in the figure 4, the advantages of Starbucks in the Chinese market mainly lie in its high reputation, wide distribution of stores, and recognition of product quality and service quality.

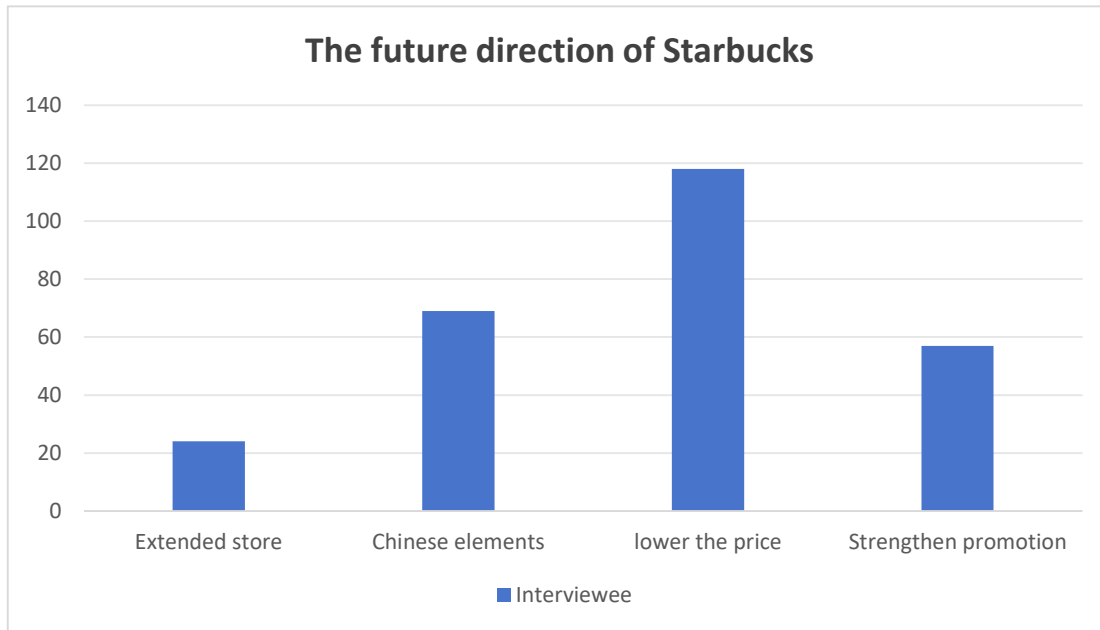


Fig. 5. The future direction of Starbucks

According to the figure 5, the future development direction of Starbucks should give priority to lowering prices, followed by launching products that meet Chinese tastes, while strengthening marketing and promotion efforts.

4. Conclusion

To sum up, the future development direction of Starbucks in the Chinese market should mainly be price reduction, followed by the launch of products that meet the tastes of Chinese people, and at the same time strengthen marketing and promotion.

The significance of this study is to provide some suggestions for Starbucks' internal staff on how to effectively promote the brand in the Chinese market. However, the objective limitation of this study is that the survey sample is limited to young consumers in some regions, and it fails to comprehensively cover consumers in all age groups and regions. Therefore, future studies can expand the sample scope and further explore the cognition and expectations of consumers in different age groups and regions on the Starbucks brand, so as to provide more comprehensive guidance for the development of the Starbucks brand in the Chinese market.

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