

Research on Marketing Strategy of Luckin Coffee

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Abstract: In recent years, China's economy and science and technology have developed rapidly, and national consumption habits are also constantly changing and upgrading. Coffee products occupy an increasingly important position in the domestic beverage market. From the perspective of growth rate, the growth rate of China's coffee market is far higher than the global average, showing greater market potential. This article takes Luckin Coffee as the research subject and analyzes the marketing strategy of Luckin Coffee based on the integrated marketing communication theory and precision marketing theory. This article found that the success of Luckin Coffee is not a coincidence, but a successful case under marketing theory. This article expects Luckin Coffee to make outstanding achievements in the future in rapidly improving quality control, building a unique brand culture, and laying out third-tier and fourth-tier cities.

Keywords: Marketing Strategy, Coffee brand, Luckin Coffee, Consumers choose

1. Introduction

Starbucks, Pacific Oceans, Nescafé, and other major players in the coffee business are facing stiff competition as demand for coffee rises. However, the pain point of high prices remains unresolved. However, the appearance of Luckin coffee discreetly eliminates this problem. Luckin Coffee, extolled as the Chinese challenger to Starbucks, has been targeted by short sellers since its initial public offering [1]. Luckin Coffee was founded in 2017, in just over half a year from October 5, 2017 Luckin Coffee has gone live with more than 400 stores nationwide. Starbucks has been in China for 19 years and has only 2,800 stores. So this is proof that Luckin Coffee is expanding very fast[2]. Luckin Coffee has been growing particularly fast over the past few years compared to other coffee brands in China. Compared to other coffee brands, Luckin Coffee occupies a larger market area. So this essay focuses on the marketing strategy of Luckin Coffee. This dissertation has used literature reading and research to study the marketing strategy of Luckin Coffee. In the following section, this paper will discuss the marketing strategy of Luckin Coffee from the theory of marketing.

2. Marketing Theory

2.1. Integrated Marketing Communication Theory

Since the 1980s, the term integrated marketing communication has emerged. There have been decades of development in the marketing communication industry. Many scholars at home and abroad have conceptually defined integrated marketing communication, including representative definitions,

which the American Advertising Industry Association believes that after years of practice, the theory of integrated marketing communication has become In order to implement the important concepts in the marketing communication plan, and recognize the added value brought by the overall communication, so as to maximize the communication benefits.

Jerry Kliatchko analyzed the shortcomings of the definition of integrated marketing theory in history, and said that this theory is used in the field of marketing research. In order to achieve the strategic goal of audience-oriented management, through the creation of centralized communication channels, the process of brand project concept-driven and dynamic development is realized. . Since the 1990s, the theory of integrated marketing communication has been greatly developed in the marketing industry, and has been fully recognized by the research field of marketing theory and all walks of life [3].

The theory of integrated marketing and communication emphasizes consumer-oriented and realizes two-way communication between enterprises and customers around the needs of customers, which can not only improve the personal value of consumers, but also create maximum economic benefits, break through inherent thinking to reflect customer value, and help customers achieve comprehensive integration from information acquisition to demand.

2.2. Precision Marketing Theory

The concept of accurate marketing has been put forward as early as 2005, believing that if you want to implement accurate marketing in the actual marketing process, you need to clarify the target consumers as the premise, while sales personnel need to clarify the specific consumer groups before implementing the corresponding marketing methods, and then combine the actual situation of the target customers.

According to the formulation and implementation of targeted and personalized marketing means and strategies, so as to improve the effectiveness of marketing services, improve the relevance and reach rate of marketing, and lay a good foundation for marketing enterprises to build consumer portraits on the basis of reducing marketing costs [4].

Precision marketing relies on big data, data mining and other information technology means to collect and analyze the characteristics, needs, consumption rules, etc. of each target customer, and constantly optimize products and services to meet the personalized needs of customers, so as to better realize customer satisfaction and enterprise profitability [5].

3. Strategy Analysis

First of all, Luckin Coffee pays a lot of attention to publicizing the craftsmanship and quality of the coffee and invites coffee masters from all over the world to cooperate with the publicity in the production of publicity advertisements.

Secondly, in the introduction of coffee raw materials, they will emphasize that their coffee beans come from Ethiopia, or Arabica, even if some people do not know a lot about coffee beans, but see these seemingly more advanced words will still have the impulse to want to pay for them.

Third, Luckin Coffee will emphasize that every cup of coffee it sells is freshly roasted, and in this era when everyone is very health-conscious, the word fresh will undoubtedly add a lot of appeal. Luckin coffee's low price is also a major reason why many consumers choose it.

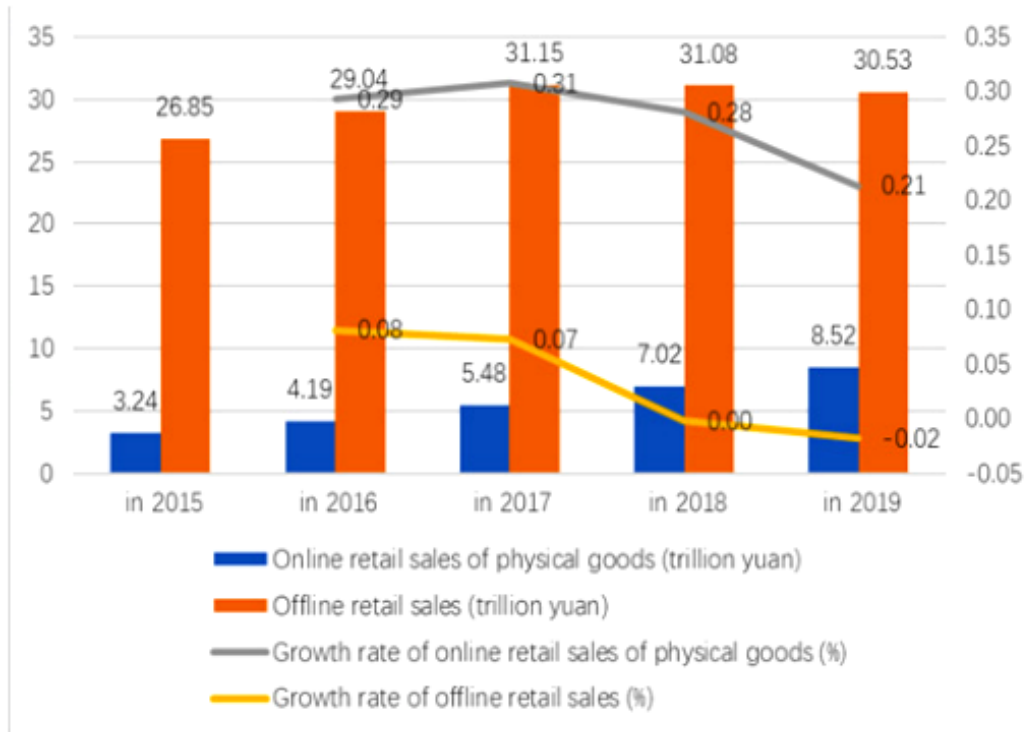


Figure 1: Comparison of China's Online and Offline Retail Sales and Growth Rate (Unit: Trillion Yuan, %)

As you can see from the figure above, we can see that the rapid development of the Internet has brought about significant changes in the traditional retail industry[6].

Every first-time buyer of Luckin Coffee coffee can reap the benefits of a free first cup, a benefit that not only makes new customers feel good about the brand, but also helps to promote Luckin Coffee. With a cup of milk tea now costing \$15 or even more, Luckin is still able to insist that consumers buy a \$9.90 coffee every week. This appeals to many young people who are not very wealthy these days, but who need coffee to refresh their minds. In the choice of spokespersons Luckin Coffee's choice is also very clever.

For example, Tang Wei, Gu Ailing and so on. They are all successful people in their industry, which is highly compatible with Luckin Coffee's desire to pursue the brand spirit, which is in line with their pursuit of coffee quality. The cross-border co-branding between Luckin Coffee and Mao-tai is also a great way to open Luckin up to greater visibility on the Internet and in real life. Coffee and liquor were two drinks that were almost completely unrelated before Rejuvenation launched this co-branding.

So after the launch of this co-branding by Luckin Coffee it quickly caused a lively discussion among netizens from all over the country, both those who love to drink and those who don't will pay attention to this product out of curiosity, and then there will be a lot of people who will go and buy it the first time after the launch of this product.

4. Conclusion

No matter what kind of marketing method is adopted, marketing is only an external form of increasing popularity. Knowing that it does not mean recognition, and the vitality of the product itself is the core that the enterprise brand can last forever in the iteration of the market. In the beverage industry, the vitality of the product itself determines the success or failure of joint marketing activities. In the end, Luckin Coffee should be user-centered, improve product innovation, create private domain traffic,

return to coffee quality, improve user perception value, and improve user satisfaction and loyalty, so as to enhance the value of the brand and the competitiveness of the enterprise in the market. In China's coffee market, Starbucks is still the strongest competitor of Luckin Coffee. As an emerging freshly ground chain coffee enterprise in China, Luckin Coffee should be good at absorbing the advantages of competitors, combining its own characteristics, and with the convenience of the Internet, leading the new retail development trend of the coffee beverage market and realizing the enterprise. Continuous and steady growth of benefits.

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