

Analysis of Marketing Strategy of Crossover Cooperation in Coffee Brands

--Taking “Soy Latte” as an Example

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Abstract: In contemporary society, businesses use a variety of marketing strategies and methods to satisfy the needs of customers. This paper mainly focuses on a case study of the crossover cooperation, a novel marketing strategy, of Luckin Coffee and Guizhou Maotai. The purpose of this research is to find out the reason of the popularity of “Soy Latte”. First of all, this paper illustrates the concept of two brands and the product which they jointly launched. Besides, to analyze the impact of crossover cooperation strategies on consumers, this paper takes “Soy Latte” as an example to study various aspects of why “Soy Latte” succeeds in China. It includes preheating strategy, crossover strategy, pricing strategy, and communication strategy. This paper finds that the success of a product is due to many factors. The reason why the “Soy Latte” is popular in China is inseparable from their marketing strategy in all aspects.

Keywords: Soy Latte, Crossover cooperation, marketing strategy

1. Introduction

Coffee originally flourished in European countries and was introduced to China later. As a result, China’s coffee culture is relatively young and immature. However, with the rapid development of the economy, western goods have gradually entered China and been widely recognized by consumers. Luckin Coffee, a local brand in China, is a newcomer among coffee brands in recent years and has quickly become a leading brand. On September 4, 2023, Luckin Coffee and Guizhou Maotai jointly launched the “Soy Latte”, a product that instantly attracted a large amount of public attention. Crossover cooperation has been flourishing in various fields in recent years, among which “Soy Latte” stands out as one of the most popular products. According to the information that Luckin Coffee officials provided, “Soy Latte” was sold at 5.42 million on the first day, and the sales of “Soy Latte” exceeded 100 million yuan on the first day. By studying the success of “Soy Latte” as a representative of successful crossover cooperation, people can gain a more comprehensive understanding of crossover cooperation marketing strategies and identify the role played by other factors in the process. This paper discusses marketing strategies, including preheating strategy, crossover strategy, pricing strategy, and communication strategy. This paper will research how “Soy Latte” became popular in

China through these four aspects. This study can provide certain reference values for other related companies to implement Crossover Cooperation to enhance brand value and purchasing power.

2. Product Marketing Overview

2.1. Brand Concept

2.1.1. Luckin Coffee

Since the opening of its first store in 2017, Luckin Coffee has quickly opened the Chinese market through its unique brand image. Luckin Coffee has always implemented a low-price strategy, conveying the concept of high quality and high cost-performance ratio. Luckin Coffee is committed to providing consumers with high-quality coffee products and services. They focus on selecting premium coffee beans, mastering exquisite roasting techniques, and ensuring the professionalism of their baristas. Continuously innovating and pushing boundaries, Luckin Coffee strives to meet consumers' pursuit of quality. Also, Luckin Coffee's customers are mostly young, especially students and white-collar workers. Thus, Luckin Coffee has established numerous stores in city centers and office areas, offering convenient and efficient coffee purchasing and dining experiences to meet consumers' demands for enjoying coffee anytime and anywhere. As of June 2023, the number of Luckin coffee stores nationwide has exceeded 10,000. Luckin Coffee operates a series of beverages and food items. The beverages mainly include coffee and tea drinks, while the food items consist of light meals, nuts, snacks, and other peripheral products. Luckin Coffee actively leverages technology to drive innovation in the coffee consumption industry. They have introduced convenient services such as mobile payments and online ordering. By harnessing big data and artificial intelligence, they optimize operational management to enhance consumer experience and improve corporate efficiency.

2.1.2. Guizhou Maotai

Guizhou Maotai is a traditional specialty wine in China with a history of more than 800 years. It originated in Maotai Town, Renhuai City, Zunyi City, Guizhou Province. Because of its excellent quality and unique historical background, Maotai has become a well-known high-end liquor brand in China and even in the world. Maotai carries a long-standing history and cultural heritage, emphasizing the inheritance and promotion of the essence of Chinese brewing craftsmanship. Also, Maotai is committed to promoting Chinese liquor culture and advancing the dissemination and development of traditional Chinese culture. Therefore, those who purchase Maotai are more inclined to value its social and cultural significance. The customers of Maotai are middle-aged and elderly people, who have a deep affection for Maotai. With the passage of time, the brand of Maotai wine has been growing, and the product line has been enriched. Maotai constantly engages in technological innovation and product development, actively expanding domestic and international markets to enhance its competitiveness and market influence. The company continuously introduces new varieties and flavors to meet the needs of different consumer groups and explore new areas in the liquor market. Maotai adheres to the corporate responsibility of "contributing to society and benefiting the people," actively participating in social welfare activities, and focusing on environmental protection and social responsibility.

2.2. Product Concept

"Soy Latte" is made with liquor-flavored milk and coffee, and it contains 53 degrees Guizhou Moutai and less than 0.5% alcohol. The retail price of "soy latte" is 38 yuan/cup, and the price is about 19 yuan/cup after using the relevant coupon. "Soy Latte" sold at Luckin coffee store. On the day of the

launch of “Soy Latte”, a number of related topics such as “Soy Latte”, “Luckin responded to whether drinking Maotai co-branded coffee can drive”, and “Luckin coffee customer service responded to ‘Soy Latte’ without coffee liquid” rushed to Weibo.

3. Product Marketing Strategy Analysis

3.1. Pre-launch Marketing

Pre-launch marketing is a strategy to build excitement before the event begins and let it reach a certain heat in advance [1]. Pre-launch marketing can stimulate consumer’s enthusiasm and expectation. After a period of reporting and laying the groundwork, more of the public will pay attention to the product. With the accumulation of attention, the public will have great expectations for the final product. Luckin Coffee uses the pre-launch marketing successfully. According to the official account of Luckin Coffee on social media, they started posting pre-release images and writing online three days before “Soy Coffee” was released to boost excitement and enthusiasm. In the comments section, some people already guessed that Luckin Coffee would cooperate with Guizhou Maotai. To sum up, the popularity of “Soy Latte” partly contribute to the pre-launch strategy.

3.2. Crossover Strategy

Crossover strategy is that a brand cooperates with other brands to generate new value and create joint products, services, or campaigns. The collaboration of two or more brands makes it easier to attract more attention in the publicity and trigger public opinion [2]. Therefore, the purpose of conducting a crossover strategy is to leverage the strengths of each brand to reach new potential customers, increase brand visibility, and improve user experience [3]. For Guizhou Maotai, a traditional Chinese liquor brand, most of its consumers are middle-aged and elderly groups. The middle-aged and elderly demographic have a deep emotional attachment to Maotai. On the contrary, a new generation of consumers is gradually emerging, and their demand for Moutai isn’t high. Therefore, Guizhou Maotai chose to cooperate with Luckin Coffee in order to expand the consumer group and drive sales. For Luckin Coffee, the collaboration is undoubtedly an opportunity to establish a brand image. Partnering with an established brand, such as Maotai, which is well known in China, can maintain brand heat and increase awareness. For this collaboration, the public is mostly driven by a sense of curiosity – the idea of combining two seemingly unrelated beverages, liquor and coffee, is intriguing. The “Soy Latte” breaks the stereotype that the public holds about the two brands, thereby stimulating consumers' curiosity and freshness, and evoking their emotions [4].

3.3. Pricing Strategy

Maotai is a high-end liquor in China, which enjoys a high reputation and market position. The price of a bottle of Maotai usually ranges from thousands to tens of thousands of yuan, depending on factors such as the year, packaging and specifications of the product. Before “Soy Latte” was launched, consumers expected relatively high prices. However, it is not as high as consumers think. The retail price of “soy latte” is 38 yuan/cup, and the price is about 19 yuan/cup after using the relevant coupon. Luckin Coffee has been pursuing a low-price strategy in recent years. Product of Luckin coffee’s prices is much lower than other coffee brand, such as Starbucks. The low price can attract young generation whose power of consumption is restricted.

3.4. Communication Strategy

Communication strategy is a method used by a business to convey a message to a target audience and promote a product or service. Its communication channels include television, radio, newspapers,

magazines, internet, and so on. Luckin Coffee mainly disseminates its new products through the internet. They use their official social media accounts to announce new products and create hot topics, such as “young people's first cup of Maotai.” Young people will take the initiative to share information according to their own social and psychological needs, so enterprises do not need to spend a lot of money to promote the dissemination of information, which helps them to decrease the cost [5].

4. Conclusion

This paper mainly discusses the crossover cooperation of “Soy Latte”, and why “Soy Latte” can become successful in current society. With the advent of the information age, the marketing methods for the product have become more diverse. Crossover cooperation can promote innovation and change through the combination of different industries to create new products, services, or solutions to meet the diverse needs of consumers, thus promoting the development and upgrading of the entire industrial chain. Crossover cooperation is of great significance to businesses, industries, and societies, and contributes to sustainable economic and social development. The “Soy Latte” signals a new trend in crossover cooperation, which has not only made waves in the coffee industry but also highlighted the power of brand innovation. Luckin Coffee uses pre-launch marketing, crossover strategy, pricing strategy and communication strategy to expand the consumer group, establish a great brand image, and drive sales. The success of “Soy Latte” proves the potential of crossover cooperation and has encouraged more companies to try innovative cooperation models, bringing more surprises and possibilities to the market. This research doesn't contain improvements and suggestions for these strategies, so further research can mention how to maintain, or raise, the sales and popularity of “Soy Latte”. If “Soy Latte” can maintain or increase its popularity in the future, it means that the product's recognition and popularity in the market may continue to increase, which will have a positive impact on the company, the brand, and the market, and bring more opportunities and challenges for the long-term development of the company.

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