

The Impact of Brand Awareness and Positioning Appropriateness on Consumers' Purchase Intention in the Coffee Industry - A Case Study of Starbucks and Luckin Coffee

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Abstract: With the improvement of people's living standards and the popularization of coffee culture, coffee has gradually become one of the important choices for Chinese consumers' daily drinks. However, with the fierce competition in the coffee market, nowadays various coffee brands are emerging, and how consumers can make a choice among the dazzling coffee brands has become a matter of concern. How brands can stand out among competitors and formulate suitable marketing strategies should not be neglected. This research uses literature analysis and case study method to analyze the impact of brand awareness and positioning appropriateness on consumers' purchase intention in the coffee industry, mainly based on the examples of Starbucks and Luckin Coffee, so as to help the enterprises to better formulate their market strategies and achieve sustainable development in the highly competitive coffee market. The study finds that high brand awareness and positioning appropriateness have a positive effect on consumers' purchase intention. The positive synergy between brand awareness and positioning appropriateness has a positive effect on consumers' purchase intention.

Keywords: coffee industry, brand awareness, positioning appropriateness, consumers' purchase intention

1. Introduction

Brand awareness and positioning appropriateness are very important parts of the strategic management of the enterprise, not only affect the consumer's purchase intention, but also related to the sustainability of a company's long-term development, and purchase intention at the same time is also an important factor affecting the development of the enterprise. Nowadays, the coffee industry is highly competitive, and there are hundreds of competitors. Understanding how these factors play a role in consumers' purchase intention is crucial for companies to develop marketing strategies and increase their market share. In related fields, although previous researchers have studied the effects of brand awareness and brand image on purchase intention and the effects of positioning appropriateness on consumers' purchase intention, there are few articles that study the effects of brand awareness and positioning appropriateness on consumers' purchase intention in the coffee market at the same time. This paper uses case studies to analyze the effects of brand awareness and positioning

appropriateness on consumers' purchase intention and the synergistic effects of the two on consumers' purchase intention, so as to provide some ideas for enterprises in the coffee industry to better seize consumers' needs and stand out in the fierce market competition.

2. Influence of brand awareness on consumers' purchase intention

2.1. Definition of brand awareness

Brand awareness is commonly referred to as the degree of consumer familiarity with a brand. It represents the extent to which consumers recognize a brand, including the ability to recall and identify the brand's logo, name, image, advertising, and product line [1]. The ability to recognize a brand refers to the consumer's ability to quickly recognize a particular brand when confronted with numerous brand logos and elements. For example, the ability to immediately recognize Starbucks packaging when seeing multiple instant coffees on a supermarket shelf. The ability to recall a brand is the ability of consumers to actively recall or associate a brand with a keyword without prompting. Brand awareness is formed in a variety of ways, such as brand advertising, word-of-mouth, and marketing campaigns. For example, Luckin has a very high level of awareness throughout China through its large-scale store layout, eye-catching blue reindeer logo, and extensive advertising.

2.2. Influence of brand awareness on consumers' purchase intention

Brand awareness is a major important factor affecting consumers' purchase intention. First of all, according to the survey, high awareness brands can reduce consumers' perception of purchase risk and have a relatively high level of trust. Consumers believe that these brands are more secure in terms of product quality, hygiene standards and after-sales service, etc. Samiee found that when consumers are faced with products they do not know, as long as the product is a high-profile brand, it is possible to subconsciously believe that the brand has passed the market screening, and has a high reputation. Risk in the consumption of ubiquitous, consumers may encounter expired, substandard quality products, which are high-frequency phenomenon, No one wants to take risks, so consumers will do their best to minimize the probability of risks occurring by choosing high-profile brands [2].

Similarly in the coffee industry, at the same price, consumers are more likely to choose Starbucks coffee over other relatively lesser known freshly ground coffee brands such as Usehima Coffee or Maan Coffee. Consumers will feel more reliable about the quality of Starbucks' products compared to choosing a relatively lesser-known freshly ground coffee brand, thus reducing the perceived risk of purchasing a product that may be of inferior quality or have an average flavor.

Highly recognizable brands can reduce the cost and save time for consumers searching for information. When consumers are faced with a high-profile brand, they no longer need to spend time and effort to search or learn more about the brand. For example, when Chinese consumers are confronted with Luckin Coffee, due to its high publicity and the number of stores, its awareness is extremely high in China, so consumers may not search for information about other niche coffee brands and choose to buy Luckin Coffee directly.

The emotional effect of brand awareness should not be ignored as well. Highly recognizable brands tend to provide more emotional value to consumers and influence their perceived value. Like luxury goods, purchasing these products not only guarantees quality, but also greatly satisfies consumers' so-called 'vanity', with the added value of a status symbol. High brand awareness coffee brands, such as Luckin Coffee, have been able to achieve this through extensive advertising and the launch of innovative new products such as the '9.9 RMB Afternoon Tea' campaign, as well as light food products that fit in with recent keywords such as 'weight loss' and 'shape up'. keywords such as 'lose weight', 'shape up', etc. (see Table 1). This makes the brand relevant to people's daily lives and

constructs an emotional bond. This emotional bond enhances consumers' purchase intention and makes them more inclined to choose these well-known brands with emotional value.

Table 1: Product structure of Luckin Coffee's light meals products[3]

Healthy light meals	Croissants, coconut raisin muffins, maple-sugar flat nut crumbles, bacon and egg McMuffins, and more!
nuts	Salt-Baked Mixed Nuts, Cashews Series
tuck	Dried fruit, crackers, egg rolls, seaweed crisps, cookies, etc.

3. Influence of positioning appropriateness on consumers' purchase intention

3.1. Definition of positioning appropriateness

The appropriateness of brand positioning refers to the ability of a brand to accurately position itself in the market to which it belongs, to clearly identify its target audience, and to meet the needs and values of consumers. A clear and unique brand positioning is like a lighthouse, which lays the foundation for the subsequent brand development and marketing strategy. In the fierce coffee market, the accuracy, uniqueness and durability of a brand's positioning depends on whether the enterprise can continue to develop in this market and win a high market share. Therefore, brand positioning not only concerns the recognition and identification of the enterprise's products or services in the market, but also plays a direct role in the consumer's purchase intention, brand loyalty and the long-term profitability of the enterprise [4].

3.2. Influence of positioning appropriateness on consumers' purchase intention

Consumers' purchase intention will increase if the brand is able to accurately position its target customer group and meet consumers' needs. Starbucks' brand positioning is to focus on the "third space", providing consumers with high quality coffee while enjoying a comfortable consumption environment. Its target is mainly those consumers who need a comfortable place to socialize or relax and focus on coffee quality. For example, many white-collar workers choose Starbucks to conduct business negotiations or gather with friends while enjoying a variety of specialty coffee drinks. This brand positioning is in line with consumers' expectations of a quality coffee experience and a good consumption environment. When the positioning of a product or service matches consumers' needs and expectations, it gives consumers a "tailor-made" feeling, thus increasing their purchase intention.

Appropriate brand positioning can differentiate the brand from other brands in the industry, helping the company to achieve sustainable long-term development in the highly competitive coffee market and stand out from the crowd. Luckin Coffee is positioned as a cost-effective and convenient takeaway service, and its main customer groups are office workers and students. These consumers usually live a fast-paced life, are price-sensitive, and often need to take out coffee. The retail price of Starbucks coffee is about 35-50 yuan, accounting for about one percent of China's per capita income [3]. Compared with Starbucks, the average price of Luckin coffee is between 15 and 25 yuan, plus a variety of promotional activities, and the per capita consumption will be much lower than Starbucks. And Luckin Coffee has chosen to expand its stores in a large number of third and fourth-tier cities, seizing the situation of China as a developing country, and realizing the remarkable achievement of far exceeding Starbucks in market share and becoming the first major coffee brand in China. It is precisely because Luckin Coffee's marketing strategy is differentiated from other coffee brands and based on the market environment that it has achieved its current success.

4. The effect of synergy between brand awareness and positioning appropriateness on consumer purchase intention

The positive interaction of brand awareness and positioning appropriateness has a positive impact on consumer purchase intentions. When a coffee brand has both high awareness and appropriate market positioning, positive synergies are created. For example, Starbucks, as a globally recognized coffee brand, has high brand awareness and consumers can quickly remember it. At the same time, it is positioned to provide high-quality coffee service and a comfortable “third space”, which fully meets the needs and expectations of middle-to-high-end customers such as white-collar workers. This synergistic effect greatly increases consumers' willingness to buy, making them feel valued and comfortable with their consumption experience. This is one of the key reasons why Starbucks has been able to stand out in the fierce market competition, occupy most of the market share and become a globally recognized brand.

It is important to note that differences in brand awareness and positioning appropriateness can also negatively impact consumers' purchase intention, if they interact inappropriately. Although Luckin Coffee is now China's No. 1 coffee brand, this problem of improper interaction existed before it was delisted in 2020 in a financial fraud fiasco. Since its inception, Luckin Coffee has been expanding its store count by leaps and bounds, in such a way as to quickly capture market share, and as of the fourth quarter of 2019, the number of Luckin Coffee stores had reached 4,507, far exceeding Starbucks (see Figure 1).

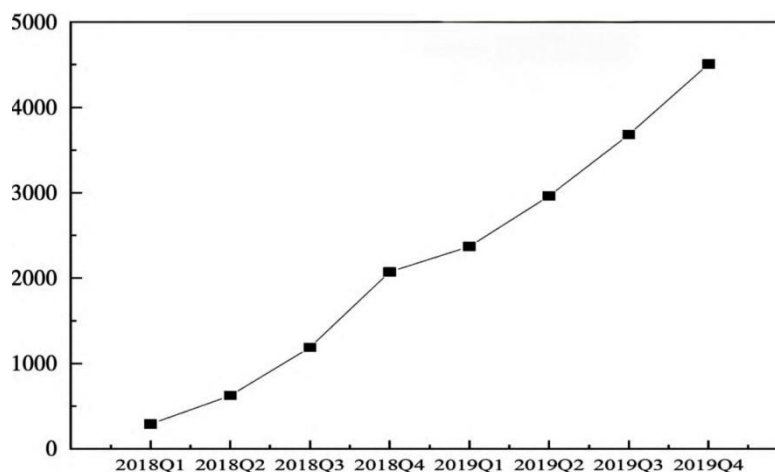


Figure 1: Number of Luckin Coffee stores in 2018-2019 [5]

But at the same time, the brand image construction of Luckin Coffee is not in place, it adopts the way of low price and discounts to attract consumers, and most of its consumers are attracted by its large discount gimmick, without in-depth understanding of its brand culture, resulting in high sensitivity of consumers to the price, and it is difficult to retain the old customers and cultivate long-term consumers [5]. Coupled with the fact that Luckin Coffee was not very innovative in the beginning, and did not differentiate itself from competitors within the market, this marketing model gradually resulted in a state of loss, which laid the groundwork for the financial fraud and delisting in 2020.

5. Conclusion

This thesis focuses on the impact of brand awareness and positioning appropriateness on consumers' purchase intention in the coffee industry. Through case studies, taking Luckin Coffee and Starbucks as examples, this study concludes that high brand awareness has a positive effect on consumers'

purchase intention, appropriate positioning has a positive effect on consumers' purchase intention, and the synergistic effect of brand awareness and appropriateness of positioning has a positive effect on consumers' purchase intention. This thesis does not use statistical data, questionnaires and other methods of analysis, resulting in the conclusion may not be rigorous and detailed. In the future, mediating variables can be added to study the effects of brand awareness and positioning appropriateness on consumers' purchase intention in a more detailed way.

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