

Determining Consumer Groups: The Core of Efficient Marketing——Based on the Comparative Analysis of Starbucks and Luckin

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Abstract: With the development of the times, drinking coffee has become a trend. Among many coffee brands, Starbucks Coffee and Luckin Coffee have always occupied a seat in the Chinese coffee market. Even though their background culture and marketing methods are quite different, which can not help wondering why they have so many differences but can achieve such remarkable success at the same time, and whether they both have what characteristics at the same time. Therefore, the article will study the two companies separately through case analysis, and carry out a comparative analysis of the marketing models of Starbucks and Luckin in combination with the 4P model, to find the common ground - the connection between the success of the brand and a clear and stable consumer group. It is hoped that through this conclusion, more businesses will shift their attention to consumers, to help more enterprises gradually move towards success.

Keywords: starbucks, Luckin, marketing management

1. Introduction

Drinking coffee has become a trend of the times. At first, coffee was introduced to China by Zheng He's voyages to the West, and it became a way of life for the nobles, but with the development of the times, coffee has become more and more common in life. With the continuous growth and development of China's coffee market, the long-established Starbucks Coffee and the emerging Luckin Coffee have occupied most of the freshly ground coffee market in recent years. While they both focus on freshly ground coffee, they have very different marketing approaches.

Starbucks is good at blending into specific contexts. Starbucks is a brand with a rich historical and cultural heritage, which is one of its unique characteristics. Compared with Starbucks, Luckin is a very, very, very young company. Not only that, but Luckin is a native Chinese coffee brand with a Chinese flavor and unique advantages in the Chinese market. It has grown rapidly in the competition with the foreign brand Starbucks, which has injected vitality into the freshly ground coffee market. The most worth mentioning is that Luckin has superior technical advantages. It makes good use of big data, integrates and analyzes the data in its hands, and creates its own "app + store or logistics" operation mode, and then the difference in data, omnichannel retail, tailor-made for each customer, so that the creation of is also one of the characteristics of Luckin [1].

They all have their brand line. Starbucks prefers high quality, the price of each cup of coffee or even each cake is not cheap, has a unique membership brake, and has a social culture of its own brand "third space", while Luckin prefers high-cost performance and moderate coffee prices, there are often many discount activities such as coupons, and also like to promote it through endorsements or joint names. This is like its logo, the green mermaid in the white ocean has a proud air. However, Luckin's dark blue elk on a white background is nobler and exudes an air of elegance. They are innovating at the same time, but also retain the characteristics of the brand reason.

This article will use the case analysis method to justify its conclusions of the article. Through the analysis of the "4P Model" of Starbucks and Luckin, combined with literature and data, this research found the common ground in their marketing methods and found the basis for supporting the brand's success.

2. Starbucks and Luckin's Marketing Reply

2.1. Introduction to Starbucks' Marketing

Starbucks Coffee Company was founded in 1971 and is headquartered in Seattle, Washington, USA. It is the world's largest coffee chain, known for its specialty coffee specialty stores. The "third space" independent of home and studio - this is Starbucks' clear positioning for its market since its establishment. a community.

In 1999, Starbucks entered the Chinese market, opening its first store in mainland China at the China World Trade Center in the capital, Beijing. In the past 20 years or so, Starbucks has opened 5,400 stores in more than 200 cities in mainland China. It is precise because of this that the Chinese market has become the fastest growing and largest overseas market for Starbucks coffee [2]. To Starbucks' financial report, in the past three years, the total revenue of the Chinese market has increased by 20-30% year-on-year respectively. It is worth noting that Starbucks members alone have accounted for half of the consumption and their proportion is growing. Even though there are emerging industries, Starbucks is always integrating into the environment and moving forward.

First, American companies have entered the Chinese market, which has implications for China-US international trade relations. China has a large population base, which also injects potential into Starbucks and the Chinese coffee market. Then, since the 20th century, China's economy has developed rapidly and per capita income has increased significantly, which has also provided Starbucks with market opportunities and increased its market share in China. Secondly, Starbucks is also gradually integrating into the social and cultural environment. Starbucks stores, products, and even their surroundings are often innovatively designed according to local social culture. Just like the most classic "city limited" products, this series of products often set off a boom in a wide area. Finally, in this era of continuous development of the Internet, everyone is adapting to this environment. To better serve consumers, Starbucks will also follow this generation to introduce more convenient service methods [3].

2.2. Introduction to Luckin's Marketing

Luckin Coffee is an emerging coffee brand in China and the largest chain coffee shop brand in China. Its headquarter is located in Xiamen, and its first store opened in Galaxy Soho in 2017. Luckin Coffee hopes to create a world-class coffee brand and make Luckin a part of people's daily lives. Luckin Coffee's "Little Blue Cup" positions itself as high-quality commercial coffee, mainly for working people and young consumers, and more in the form of "quick coffee".

However, at this time, Luckin Coffee, which can be compared with Starbucks coffee, is already Luckin Coffee after its rebirth. According to the data, in 2018, the first year of its establishment, Luckin Coffee had a net operating loss of 1.619 billion yuan, and in the first quarter of 2019 in the

second year, the net loss was 552 million yuan, more than four times that of the previous quarter. According to the speed of burning money in these two quarters, Luckin Coffee's current cash can only support up to 10 months. However, in 2020, Luckin Coffee was in deep financial turmoil, which also led to personnel changes at the top of Luckin Coffee. During this period, stars such as Tang Wei, Liu Haoran, and Xiao Zhan stood at the top of the traffic at the time, and Luckin Coffee invited them to become spokespersons, resulting in a small increase in turnover. The real turning point for Luckin Coffee came in August 2021, when Gu Ailing became the new brand spokesperson of Luckin Coffee. What followed was a surge in traffic and popularity, which made Luckin Coffee appear alive again in front of everyone. After that, Luckin Coffee also carried out product innovation and launched a series of raw coconut latte products, which once again entered everyone's attention [2]. With the overall increase in product popularity and traffic, Luckin Coffee has completed its counterattack and will become the largest freshly ground coffee brand in China in 2022.

Not only that, but Luckin Coffee uses people's psychology. During the recent Winter Olympics, especially during the Winter Olympics, everyone's patriotic sentiment has been high, and support for national athletes and national enterprises or products has occurred one after another. During this period, Luckin Coffee invited the national skier Gu Ailing as the brand spokesperson, which also greatly improved the brand image of Luckin Coffee and brought vitality to Luckin Coffee. Looking at the four quarters of 2020 alone, the sales of decoction pieces in three quarters increased year-on-year, which also witnessed its "rebirth".

3. The Rise of Starbucks and Luckin: A Comparative Analysis

The 4P marketing model emerged with the marketing mix theory, including price, product, promotion, and place. The rise of Starbucks and Luckin's brands will be compared and analyzed from the four perspectives of 4P.

3.1. Price

Starbucks coffee is usually labeled as expensive, and the price of a cup of ordinary coffee is usually close to forty yuan. Therefore, Starbucks is also regarded by many people as a symbol of the white-collar class. But behind this expensive price, Starbucks has its membership consumption system. As long as people spend at Starbucks, people can join their membership for free. After joining the membership, they entered their membership consumption system. By the amount of consumption, people can get extra member stars after each consumption or extra. The more stars people collect, the more discounts and benefits people can get. It can be exclusive gift cards, purchasing privileges on event products, or coupons and discounts. In this way, everyone joins the membership and consumes. If people come and go, people can enjoy a lot of membership privileges. Over time, these consumers who join the membership will become regular consumers of Starbucks. The consumption is stable and continues to grow, and a cup of coffee that is not cheap is also sold. Something new.

Compared with Starbucks, Luckin Coffee is much cheaper in terms of price. The price of a cup of coffee is about fifteen to twenty-five yuan. Their preferential system is one of their secrets [4]. Before each order, Luckin Coffee will issue a large number of coupons to customers, which can often be used directly when placing an order. Even if the coffee is about the same as the original price of Starbucks, the price at the time of purchase is always different. Even everyone found that if the order is placed online on the mobile phone, and the customer hesitates to place the order on the payment page, Luckin will send people the information through text messages and other methods, and send the coupon to the front, to promote the successful transaction. After the purchase, Luckin will also send people coupons again because the order is successful. Even if people don't spend at Luckin for some time after purchase, they will continue to appear in your sight with coupons, calling people back

to Luckin to spend. If people decide to buy coffee just because people are hesitating in which store to buy it, or when people want to buy coffee and see that the coupons are all in hand, few people will refuse this temptation. In this way, after one consumption, there will be remaining discounts left, waiting for the next consumption. After coming down, again and again, everyone likes to buy products at Luckin, and Luckin also has its customer group.

3.2. Product

Although Starbucks is a foreign brand, it can adapt well to the environment and retain its characteristics in different environments. As an American company integrated into the Chinese market, Starbucks can well adapt to China's social and cultural environment. Whenever Starbucks comes to a new city, Starbucks usually launches city-limited products related to local culture. Correspondingly, different seasons or different festivals will also launch limited products. For example, Starbucks' city-exclusive Starbucks Card, Star Ice Dumplings for Dragon Boat Festival, seasonal limited drinks, etc. In this way, unique products also arouse people's desire to share, and people in different cities post their exclusive or limited products on social media, which not only promotes urban culture but also sparks a wave of buying. Over time, many people have developed the habit of collecting in Starbucks. It turns out that customers who consume at Starbucks will become more enthusiastic about Starbucks products. He will not only surround the old customers but also turn them into free word-of-mouth publicity for Starbucks, bringing new customers and popularity to Starbucks [5].

For the homegrown Chinese brand Luckin, he also has his way of hospitality. One of the characteristics of Luckin is that he can keep up with the pace of the times, thereby increasing the popularity and fame of his brand. Luckin likes to find celebrities for endorsement. While bringing traffic to himself, he will also use this to launch new products, causing a punch-in boom [6]. There are many kinds of celebrity endorsements signed by Luckin. Tang Wei, who has always been popular, Liu Haoran, a new-generation actor, and Xiao Zhan, a popular star at the time, are all Luckin's brand spokespersons. When the spokesperson is signed and publicized at the same time, the spokesperson's human-shaped sign can often be seen at the door of the store. In addition to celebrities, the drinks in the spokesperson's hands are also very eye-catching. Some new products will also be promoted through this. The most famous ones are the Latte series endorsed by Liu Haoran and the XiaoluTea series endorsed by Xiao Zhan. Many fans will come to Luckin's stores to check in and consume, which has caused Luckin's traffic popularity to skyrocket and brought business opportunities [7]. At the same time, new products are also used for publicity, and then the products are improved through customer feedback to complete the transition from new products to main products. In this way, not only consumers have been attracted, but new flagship products have appeared and gained vitality.

3.3. Promotion

In daily life, there are very few advertisements for Starbucks, except for official news, there is almost no publicity. In real life, the most common ones are Starbucks stores. Stores are also a marketing method for Starbucks [8]. Every Starbucks store can be called a "third space" for customers. Starbucks stores are unified by the designers of Starbucks headquarters, which not only have the original style of Starbucks but also combine the local cultural characteristics. Each store will have fixed tables and chairs. In addition to Starbucks products, there are also public facilities such as free toilets or free WiFi for customers. The atmosphere in the store is also very relaxed. Some people choose to negotiate business cooperation here, and some people choose to study and work here. All of these people have a Starbucks drink in their hands. Over time, everyone came here to consume not only the coffee with roasting skills but also the environment and atmosphere here [9]. In this way, Starbucks not only

allows consumers to enjoy a high-quality environment but also attracts new consumers. Both new and old customers love it. Therefore, Starbucks' consumer base is growing, and they retain their group of customers.

Due to the financial turmoil, Luckin's marketing was not accepted by everyone at first. When promoting brand discounts on Weibo social media, some people in the comment area even directly said, "You will only buy if people get a discount." However, when Luckin and Gu Ailing reached cooperation, things changed. Gu Ailing, known as a talented girl, was a popular player at the Winter Olympics at that time. Some time ago, she became popular because she joined the Chinese nationality to go to the Winter Olympics, which made her win twenty-three endorsements in one fell swoop. Luckin is one of them. On the occasion of the official announcement of the cooperation, the entries of Luckin and Gu Ailing once occupied the hot search on Weibo. This is the second time that Luckin has gained such high popularity after negative news, which undoubtedly brings vitality to Luckin. On the occasion of the Winter Olympics, everyone's patriotism is high. At this time, the announcement of cooperation with Gu Ailing undoubtedly reflects a sense of family and country. Compared with other similar brands, Luckin has gained unique advantages. Since then, during the Winter Olympics, Luckin has become a super fan of Gu Ailing like everyone else. In addition to ordinary cooperation and interaction, Luckin often publishes Gu Ailing's promotional posters, training schedules, and other content on the official Weibo, which has gradually changed everyone's perception of Luckin. Subsequently, Luckin launched a joint product with Gu Ailing. As long as people click on the online order page of Luckin, people can see Gu Ailing's recommended drinks. Gu Ailing's exclusive co-branded products plus special promotions, and even some cities gave Gu Ailing's punch card peripherals, and everyone began to re-accept this brand, which made Luckin's profit at this time continue to grow [10]. Since then, Luckin has gradually integrated into everyone's group, attracting new customers through advertisements, retaining existing customers through affordable products, and analyzing customers' psychological activities. The customer group has developed step by step and has achieved rebirth.

3.4. Place

If people want a cup of coffee with a unique taste, people need not only good coffee beans and coffee machines but also exquisite cooking skills.

Whether it is Starbucks or Luckin, or other coffee brands, the origin of their materials is from Yunnan. Yunnan Province is one of the provinces in China. It is located in the southwest region and belongs to the mountainous plateau area. Most of the climate is subtropical and tropical monsoon climate, which is suitable for the growth of plants. Yunnan's coffee planting output has now reached more than 90% of my country's total output, which is the "golden zone" for coffee growth. Not only that but Starbucks and Luckin coffee machines are also Swiss brands. With the expansion of stores, more coffee brands need a fully automatic coffee machine with exquisite workmanship, and many Swiss coffee machine brands have entered everyone's attention. Most of Starbucks stores use the coffee machines customized by Thermoplan for Starbucks, while most of Luckin's stores use Schaerer's specially upgraded coffee machines, which also reflects everyone's pursuit of coffee quality.

In addition to materials and equipment, these things also need to match the cooking skills of the barista. The specialty of Starbucks coffee is roasting. Through different roasting degrees, it gives people a bitter tongue pressing feeling, which reflects the unique flavor of the coffee. Luckin Coffee has a mellow and rich flavor, which always retains the fresh taste of coffee, giving people a mellow taste.

Just because the flavors of the two coffees are different, customers will also choose coffee that conforms to their taste. Each has its brand characteristics, providing customers with different choices.

Starbucks' membership system, limited products, environmental services, baking taste, Luckin's preferential system, peripheral products, feelings, and mellow taste, are all representative of the uniqueness of their respective brands. They identify consumers of their brands in different ways towards a wide range of consumer groups, and finally make consumers step by step into their consumer groups through these channels, thus achieving expansion and growth and promoting the growth of the brand. Therefore, retaining consumers and owning their consumer groups is an indispensable commonality among different brands [11].

4. Stable and Clear Consumer Group Positioning: The Core Element of Successful Marketing

4.1. Investigation of Enterprise Operation

At present, even under the influence of the epidemic, the operation of enterprises is normal. Driven by the epidemic environment, both Starbucks and lucky pay more attention to stabilizing the current business, followed by expanding stores and businesses. Neither has seen a downward trend, and the overall situation is good.

4.2. Competitor Analysis

Compared with brands such as Starbucks Coffee and Luckin Coffee, which focus on freshly ground coffee stores, fast food chain branded coffee is a competitor that cannot be ignored. For example, KFC and McDonald's have launched their coffee brands, namely KCOFFEE and McCafe. They did not spend most of their experience on coffee, but the quality of coffee has the most basic guarantee, which is a reflection of the customer's responsibility for the brand and the product. Different from other brands, as a chain brand, they already have a stable and huge customer base, a large number of stores, and popularity. This saves the cost of other brands in the growth process and the cost of marketing and promotion and reduces the risk of entering the market. Not only that, but it also enriches the original brand image, so that some customers who like to consume in the store can consume a cup of coffee "by the way". Even in such a consumption mode, their income does not have to worry. Their ability to complete such consumption is also related to their original stable and huge consumer group. No matter what direction they start from, it is often related to a stable consumer group. Therefore, the fast food chain brand model also has a competitive trend in the coffee industry. Not only that but it can also be seen that the biggest influence on the brand is always the consumer group.

4.3. Survey of Consumer Habits

Among Starbucks consumers, students account for about 25%, the largest proportion. For this part of students, they need a more suitable environment for their study after class, and it happens that Starbucks can provide this unique "third space". As consumers, in addition to buying coffee, they can also get a good environmental experience, and the value of their consumption is far more than coffee. For Luckin, consumers are more young workers. They have certain free spending power. They are netizens who are active on the Internet. They usually have busy jobs. Coffee is more to relieve pressure and focus on the product itself, which is also in line with Luckin's brand.

5. Conclusion

Whether it's Starbucks' member-exclusive and unique environment, or Luckin's branding and promotions, they're always committed to their target group. These two companies have relatively stable consumer groups and are clear target customers. They have always been committed to retaining

this part of the consumer group. They have exclusive benefits or discounts, and this part of their consumer group is always the beneficiary. In addition to this, they use the same means to attract new customers, forming such a good cycle. So from this point of view, the success of a brand is closely related to its stable and clear consumer groups. What's more worth mentioning is that they did not take the initiative to take a fancy to the target group, and they were widely marketed to the public, not with a clear goal. But in such a wide range of people, as long as they show a tendency to consume, then they will walk into the whole of their target customers, and then conduct more detailed marketing in the target group. Finding consumer groups is the key to a brand's success.

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