

# ***An Analysis of Starbucks' Operation and Management Strategy in China***

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**Abstract:** Starbucks' growth has slowed in recent years. The "golden decade" of Starbucks is still far away. This article aims to analyze Starbucks China's management's pain points and difficulties and give corresponding suggestions. The analysis in this article comes from texts and data from different sources such as news, periodicals, and Starbucks' official website. The article first described the general situation of Starbucks in China's coffee market, showing how it expanded its stores and developed its brand in China. Then, the article describes Starbucks's four primary pain points and dilemmas in China. The pain points reflect the impact of the external environment on Starbucks' marketing. For example, the market is highly competitive and has regional gaps. This dilemma reflects the effects of Starbucks' internal problems on marketing. For example, staff training is not in place, and online and offline sales development is unbalanced. Therefore, Starbucks still has many deficiencies that need to be improved on the road of Chinese management. Starbucks can only return to the development speed of the "golden decade" by improving these deficiencies. In response to these deficiencies, the article gives four corresponding opinions, which are to expand the business to increase competitiveness; optimize employee incentive system to improve service quality and turnover; increase promotion of coupons to attract more consumers; establish Online communities to increase online sales and maintain their brand image.

**Keywords:** starbucks, cultural difference, cross-cultural marketing

## **1. Introduction**

Starbucks was opened in 1971 by Gerald Baldwin and Gordon as a store in Seattle, USA. With the arrival of Howard Schultz in 1982, Starbucks brought a new experience of "coffee inspiration" and the concept of "third space" [1]. Starbucks' mission: is to create a warm culture of belonging with coffee, customers, and partners as core values, to challenge the status quo and break stereotypes, to connect transparently and respectfully, to do our best, and to take responsibility [2]. In 1992,

Starbucks went public on NASDAQ, proving its growth and popularity, and Starbucks entered a period of rapid expansion. With continuous development, Starbucks has become a globally recognized multinational coffee chain. As of June 2022, Starbucks has 5,000 stores in the Chinese market, becoming the second largest overseas market in the world in addition to the U.S. domestic market.

Combined with the development process of Starbucks, this article studies the defects and difficulties of Starbucks in the Chinese market and analysis how it should develop further. Finally, put forward suggestions to solve the flaws and problems. Related fields include marketing analysis, localization analysis, and cultural conflict analysis. However, it is still relatively blank in this field about the difficulties it encountered in the Chinese market and the cases and details that caused the problems. Therefore, this study complements this aspect of the analysis. In addition, the study expects that Starbucks' difficulties encountered in developing the Chinese market can be resolved by putting forward reasonable suggestions. The significance of the research is to help Starbucks gain more room for improvement and more opportunities in the Chinese market and reflect the development status of the coffee market in China.

## **2. Starbucks Pain Points**

### **2.1. Fierce Market Competition**

Starbucks has won consumers' trust with its premium coffee quality and brand culture, thus stabilizing its growth. Now that China has opened up to coffee brands worldwide, the entry of competitors and quickly imitated products and services have made Starbucks' differentiation advantage slowly disappear, negatively impacting market share and potential benefits. China has had a tea culture and tea-drinking habits for thousands of years, and tea has a similar refreshing function to coffee. To some extent, tea is a massive challenge for Starbucks [3]. If it cannot maintain its product quality or price edge, it is potentially risky to judge from a long-term growth perspective. Starbucks' high pricing gives emerging tea brands the right to take a slice of the "pie." The tea brands that focus on the low to mid-market (Heytea and Nayuki, etc.) sell bubble tea, fruit tea, tea, and coffee. Innovative products and environments are popular among young people [4].

### **2.2. Weakness in Employee Training Leads to a Decline in Service Quality**

As a company, Starbucks is not willing to spend money on advertising and promotion but insists that its employees have professional service awareness and knowledge and good service enthusiasm. The rapid expansion of Starbucks in China has led to the dilution of the customer experience and commercialization of the brand, which the poor execution of employee training has caused. The old tradition of closing the store for two hours on a fixed cycle (monthly or weekly) to train employees is now practiced in very few stores, and many stores are unaware of this tradition. According to the financial report, Starbucks disclosed its fourth-quarter and full-year results for 2022 as of October 2. Starbucks' revenue increased by 3.3% in the fourth fiscal quarter to US\$8.414 billion. Net profit fell by 50.2% to 878 million US dollars. During the Q4 reporting period, Starbucks China's revenue was US\$775 million, a year-on-year decrease of 19.6%, and store sales decreased by 16% [5]. This level of decline is not optimistic for Starbucks' operations in China. Apart from the impact of the Covid-19 pandemic, its decline in service quality and rapid expansion are also the main reasons for the decline in net profit. In the context of rapid expansion, Starbucks' brand value is being diluted and blurred.

At the same time, customers are dissatisfied with the consistent product pricing. Consumption perceptions and income levels vary across geographic regions and therefore do not accommodate all consumers [3]. Simple services, such as writing the customer's name on the cup, do not satisfy

customers' personalized needs and sense of belonging [4]. In 2020, there is only one Starbucks reserve in Lanzhou; the rest are regular Starbucks shops. In addition, there are shortcomings in after-sales service, as both the WeChat Mini Program and the WeChat official account use robotic auto-response, which prevents consumers from effectively and quickly solving problems if they have questions about products and activities, affecting consumer satisfaction [6].

On the other hand, Starbucks stopped selling its newly launched breakfast chicken sandwich on June 26, 2022, saying the seasonal product did not meet its quality standards and issued a voluntary complaint against the pre-made sandwich, which contains chicken, maple cream, and eggs. "Stop Sale" Notice [7]. Although Starbucks insisted that the product was not discontinued due to quality problems caused by expiration, the US Food and Drug Administration did not explicitly support Starbucks' remarks.

### **2.3. The Regional Gap of Starbucks in the Chinese Market**

White paper on China's freshly brewed coffee industry [8] shows that the average number of cups of coffee consumed in China is 9 per year, much lower than in other countries. Still, first and second-tier cities have developed coffee-drinking habits, consuming an average of 300 cups per year, close to the level of mature coffee markets. With the rapid expansion of Starbucks shops in one or two-tier cities gradually saturated, the downward-reaching consumer market still has a significant consumer coffee scene; once the consumption of the following three-tier cities develops the habit of drinking coffee, it will produce colossal market development opportunities. However, with different levels of economic development, inconsistent disposable incomes, and differences in consumer perceptions across cities, Starbucks' consistent pricing strategy may not apply to all towns [3]. Consumers in small Chinese cities and rural areas prefer cost-effective products. High prices can make it difficult for price-sensitive consumer groups (below third-tier towns and rural areas) to access Starbucks and thus choose more affordable local coffee brands as alternatives. These local coffee brands have already established a strong presence and a loyal customer base below the third-tier cities. Starbucks' pricing is a barrier to further downward-reaching consumer market development. High prices may dissuade many consumers, making it difficult to compete with local or other competitors and attract new customers. Moreover, Starbucks may lack awareness, and consumers in third-tier and below may not be familiar with the brand or understand the value Starbucks offers, thus leaving a high premium in their minds and making it difficult for Starbucks to increase its operating profit. While Starbucks has captured the psychology of consumers in first and second-tier cities through pricing and has achieved impressive results, its reliance on a uniform pricing strategy for the downward-reaching consumer market could be a potential pitfall for future growth.

### **2.4. Starbucks Online Publicity and Entertainment PR**

As society enters the new media era, combining online platforms and offline stores expands the connection between enterprises and customers. According to the research by Zhou et al. [6], more than 70% of Starbucks consumers choose to buy products in offline stores. Consumers cannot generate interest and attention to the content and activities the WeChat official account pushes. The lack of interaction with consumers on the official version has resulted in a shared sense of trust, and there is little feedback when receiving promotions. As a result, Starbucks cannot hear customers' suggestions for products and services. From these aspects, it can be seen that Starbucks lacks guidance to consumers, and the brand stickiness and publicity effects have failed to meet expectations. In addition, in the new media era, negative news is expanded by the Internet, posing a threat to brand image. According to Peninsula Urban News [9], in February 2022, Starbucks clerks

drove away the police sitting outside the store eating. This approach once again pushed Starbucks to the forefront of public opinion.

### **3. Starbucks Dilemma**

#### **3.1. Under the New Retail Model, Starbucks Suffers from the Impact of a Single Product Structure and Lack of Innovation**

Starbucks has a single product structure, mainly coffee products and a small number of baked products; after entering the Chinese market, Starbucks' market share faces challenges from competitors in the same industry and tea products. These rising new brands have the common feature of being inexpensive and mainly consumed by young people, providing a fashionable way to drink tea. The tea culture has a long history and deep cultural heritage in China, becoming a significant competitor of Starbucks in the Chinese market [10]. At the same time, as the coffee industry has developed over time in China and the customer base, as well as the support and encouragement of coffee cultivation in China's Yunnan province, more and more people are learning about coffee culture. They are willing to try coffee as a product, and with the activity of social media and efficient communication, young people are not just staying at the level of buying. More people prefer niche and specialty coffee shops. While in 2019, Starbucks introduced the concept of a wine bar with the opening of Bar Mixato stores; this is the first time Starbucks has introduced a whole bar experience in China. The idea is that customers can enjoy coffee, wine, and food with a Starbucks twist, morning or night [11]. Bar Mixato gives full play to Starbucks' strengths to innovatively fuse coffee and cocktails, creating an atmosphere where coffee culture and wine culture are combined, bringing a new sensory experience to customers, but with less dissemination due to the small number of stores.

Starbucks' products generally lack innovation and do not have a signature product to promote, compared to the higher social media posting rate of Luckin Coffee Coconut Cloud Latte and M stand products that use cookies instead of cups. With the spread and penetration of the marketing media, Luckin Coffee launched a series of cup sleeves and paper bags in association with Pepe the Frog on Tanabata, which directly boosted sales. In the peripheral product matrix, Tims's "coffee+bagel" has caused a coffee breakfast craze on social media and has become a significant competitive model for brands, with more and more coffee brands focusing on the combination of "coffee + warm food." In 2021 Starbucks launched the "Star Breakfast" hybrid, increasing the supply of desserts and baked goods, but the degree of customer acceptance is not high. China food industry analyst Zhu Danpeng believes that with the digital development of supply chain management, coffee merchants can develop their characteristics when expanding their categories [12].

Online sales impact: People's time is mainly replaced by online socializing and entertainment, and they are more concerned about their feelings. The development of online take-out orders has weakened Starbucks' third space benefits and gradually lost its advantages. As new consumer concepts emerge, the advantages of small store expansion costs are also reflected.

#### **3.2. Starbucks' Dilemma about Third Space Diluted**

From the description of Starbucks' pain points in the last part of this study, we know that the need for more attention to employee training has led to a decline in service quality. In the long run, it will cause brand commercialization and dilution of the third space for Starbucks. The analysis in this chapter will explain the reasons for the dilution of the third space from the perspective of Starbucks' declining service quality and rapid expansion.

The two incidents of not being able to meet customers' individual needs and food quality and safety issues can be attributed to the decline in the service quality of employees to a certain extent.

First of all, with the growth of customers' consumption level and pursuit of quality of life, they will hope to get better-personalized service from Starbucks instead of just getting a coffee with their name on it. Better personalized service requires a more mature staff training system that keeps pace with the development of the times. Secondly, assume that the employees can produce and inspect the products on time every day. In that case, they can screen out problematic products and report them within the company promptly, avoiding the outflow of complex products and causing public doubts.

China has become the fastest place for Starbucks to open new stores. In the past few years, Starbucks has set an average speed of opening a new store in 15 hours. The plan is to open 6,000 stores on the mainland by the end of the 2022 fiscal year [13]. However, the rapid expansion of Starbucks inevitably does not match the original intention of its third space. In an increasingly divided society, our store offers a quiet moment to gather your thoughts and center yourself. The people at Starbucks smile at you, serve you quickly, and do not harass you. Therefore, the third space is the foundation of Starbucks' stable development. However, as a listed chain catering company, Starbucks wants to increase the sales of a single store and open new stores, which leads to the gradual deformation of the original intention of the third space.

Nevertheless, to increase the turnover rate, Starbucks has made apparent adjustments to the furnishings in the store: the large sofas are decreasing, and more wooden chairs are being replaced. The service of Starbucks employees has also changed from "how to make a good cup of coffee" to "how to finish a cup of coffee quickly." These changes in facilities and services have deviated from the vision of the third space. From a long-term perspective, Starbucks' loyal users will not be satisfied with the store's cheap atmosphere and substandard service quality, leading to a decline in word-of-mouth and the sales of every single store, making Starbucks' rapid expansion the pressure on the capital chain.

### 3.3. Starbucks' Dilemma of Not Being Able to Reduce Prices

Starbucks may be "afraid to lower its prices" for fear that it may hurt the brand value and existing consumers. Chinese consumers understand that lower-priced products and services are of lower quality. When price reductions negatively affect the perceived brand quality of a brand, they may also negatively affect the taste experience, and consumers may not buy again, as taste is an essential quality of experience attribute [14]. Starbucks' high-end brand image has become a status symbol for the social elite. Starbucks' pricing is integrated into the coffee culture and value system through coffee consumption and experience [15]. The price is an essential psychological anchor to maintain the relationship between the brand and the customer. If Starbucks were to reduce its costs, it could affect consumers' perception of the brand, moving from a high-end coffee brand to a low-end one, leading to a change in consumer behavior.

On the other hand, consumers become suspicious of prices and perceive lower prices as the actual price of products and services [16], negatively affecting existing customers' loyalty and damaging the organization's profitability. China is Starbucks' second largest market after the U.S., with a total of 6,021 stores during 2022, accounting for 17% of global stores and 12% YOY growth; revenue was 775 million, down 20% YOY; sales were down 16% [5]. Starbucks attributed this to the impact of the pandemic and foreign currency translation exchange rates. Starbucks has attributed the cause to the effects of the pandemic and foreign currency conversion exchange rates, but this essay does not entirely agree with this statement. This essay believes that Starbucks' brand value is being diluted as it competes fiercely in the drinks market; consumers are beginning to disagree with the high price of the coffee which Starbucks sells is the main reason.

In addition, Starbucks may "not be able to reduce prices." According to Starbucks' fourth quarter and full year 2022 results [5], the operating margin on Starbucks' international segment results was



only 12.2%. This means that for every \$40 cup of coffee sold, Starbucks only makes \$4.88. This is due to Starbucks' asset-heavy operating costs. With rising property prices in China, upfront investment (infrastructure) and shop operating expenses have increased bottom-line costs. Starbucks used to be able to use the brand effect to get cheap rent or even free rent, but now the dilution of the brand value has lost the benefits it had back then. Starbucks' pricing concerns labor, raw materials, equipment, and transportation costs [17]. Although Yunnan has a coffee bean planting base, most coffee beans for Chinese shops come from overseas, and the organization faces considerable transport costs [17]. Chinese customers prefer spacious and multi-seat shops, resulting in higher rental costs [17]; secondly, tariffs, logistics, and storage costs also contribute to Starbucks' "unable to reduce prices." In addition, according to a report by Jiemian News [18], in February 2022, Starbucks adjusted the expenses of some of its products upwards, but four short months earlier (October 2021), Starbucks had increased its prices. This may prove that Starbucks was forced to raise prices due to factors such as the pandemic, rent, foreign currency conversion rates, or transportation costs.

### 3.4. Scandals and Uneven Development

Two of Starbucks' most significant marketing woes are poor brand image due to scandals and uneven development of the online and offline markets.

On 13th December 2021, Two Starbucks shops in Wuxi, Jiangsu Province, were found to be selling expired coffee ingredients with cakes. Several other Starbucks shops were later found to be using expired ingredients or replacing the date labels of expired food. As of 9th February 2022, Starbucks shops were fined more than one million yuan for food safety issues. On 13th February 2022, a Starbucks shop in Chongqing sparked public outrage when it evicted a police officer from eating at the entrance. These two incidents led to Starbucks being caught in the crossfire of public opinion [19]. Among them, the most negative impact on the Starbucks brand is the incident of employees driving the police. This incident reflects Starbucks' lack of employee training and imperfect store regulations.

On the other hand, it also reflects the sense of superiority and arrogance that high-end brands bring to employees. Starbucks entered China as a high-end coffee brand and was labeled as a luxury product. Starbucks has become a luxury in China and has become a sought-after object. What people buy at Starbucks is not coffee but superior coffee culture. High society customers enjoy a comfortable living space in Starbucks. However, some people with relatively low economic ability and education levels come to Starbucks to experience the feeling of being upper class. This situation was not uncommon when Starbucks was on the rise in China. Over time, people thought that Starbucks was synonymous with high society and that people associated with Starbucks were people in the high community. In the end, Starbucks fell into a storm of public opinion.

Starbucks' offline sales have always been much more robust than online sales. Starbucks has a variety of third-space shops offline, encompassing a diverse coffee culture. There are shops outside of coffee culture, such as roasteries, bars, or eco-friendly workshops. These shops build a solid offline sales system for Starbucks [20]. The development scale of Starbucks' online and offline sales is uneven. Offline sales are much larger than online sales. Starbucks relies on offline ordinary physical stores and third-space stores to create a high-end coffee image and high-society positioning to develop and grow in China.

In contrast, offline sales seem a bit bleak. The small coverage of promotional activities is an important reason for this phenomenon. Since Starbucks initially created a brand image in China as a high-end coffee brand. The primary customer group is the middle class with better economic conditions. The primary purpose of customers buying coffee is to experience the coffee culture of Starbucks. In other words, offline Starbucks stores are the most attractive to customers. However,

Starbucks launched its exclusive mobile application and online stores on powerful e-commerce platforms very early. Starbucks' long-term customers struggle to be attracted by online sales. Many of Starbucks' online promotions have limited reach. Only Starbucks members can get information about promotions. However, Starbucks members prefer physical stores to online stores. Because no one will spend 30 yuan on an online store to buy a cup of coffee that costs less than 10 yuan. Customers are more willing to spend money for the superior environment of physical stores and third spaces. This is an important reason why offline sales are more developed.

## **4. Recommendation**

### **4.1. Recommendation of Starbucks Marketing**

This article suggests that Starbucks can try to enrich its variety of products, try to introduce the concept of fresh fruit tea, pure tea, try to add fruit juice products to coffee products, for example, in the summer launch of ice orange American style, combining orange juice and traditional American coffee, bringing more creativity, the concept of regional restrictions do not only stay in the mug design but also for different regions to launch representative drinks to create topics For example, we can introduce city-limited drinks to develop issues such as the rose feature in Yunnan and the osmanthus feature in Jiangsu and Zhejiang. In addition, it is suggested that most Starbucks stores also adopt the operation mode of Bar Mixato to improve the utilization rate of stores, solve the problem of low sales volume at night due to the coffee itself containing refreshing caffeine, and at the same time, after the introduction of the hotel business, users everywhere can experience the third space. This increases store revenue and keeps customers coming to Starbucks from breakfast onwards. The new model also gives the brand a certain amount of buzz and spreads on social media. The new model combining the "coffee + hot food" brunch model and the nighttime Bar Mixato has certain advantages for Starbucks' core competitiveness in the Chinese market. We also need to continue to improve Starbucks' online order business channels.

### **4.2. Recommendation of Starbucks' Dilemma about Third Space Diluted**

From the core point of view of maintaining the quality and image of the third space, Starbucks needs to improve its employees' professionalism and service quality. Because whether Starbucks wants to establish a "selection store" that is more refined for coffee making or a "community store" that emphasizes a social atmosphere, it needs many highly professional employees who are good at serving. Furthermore, optimizing the incentive system is an excellent way to improve the comprehensive ability of employees.

Starbucks can use the store partnership model and the mentoring model. "Taier Pickled Fish," a domestic catering company that makes pickled fish, is a good example. Founder Guan Yihong made a profit of 125 million yuan in just six months after changing the incentive system and citing the partner and mentoring model. After six years of development, the original stores will be split into 267 directly operated stores [21]. Starbucks can learn from this incentive system to cope with the rapid expansion of stores and high-quality service.

First of all, regarding the model of store partnership, the headquarters fully invest in each new store of Starbucks expansion. As long as the store manager's assessment is up to standard, they can get 20% of the profit dividend, and the other 10% of the profit is used to reward the outstanding employees of the store. The remaining 70% of the profit is reserved for the headquarters. The advantage of this is that employees can feel that they have become entrepreneurs and have sufficient motivation to complete their work, just like Maslow's theory that employees have reached a high level of self-actualization. Therefore, every employee will keep the store's turnover, cost, profit, and customer satisfaction in mind.

On the other hand, the mentoring system of Taier Pickled Fish is also worthy of emulation by Starbucks. The specific plan is that the old store managers can train new store managers and run the original stores well. If the new store manager they teach passes the assessment, they can apply to Starbucks headquarters to open a new store. After the opening of the new store, the old store manager can get a 10% profit dividend every month. The advantage of this model is that after the interests of new and old employees are linked, the senior employees will be more enthusiastic about imparting skills and experience and try to teach their skills to new employees. For the long-term development of Starbucks, it can maximize the excavation of talent and avoid the potential problem of talent shortage in the future human resources market to a certain extent.

#### **4.3. Recommendation of Starbucks' Dilemma of Not Being Able to Reduce Prices**

In response to Starbucks' dilemma of "being afraid to lower prices" and "not being able to lower prices," this article proposes that Starbucks adopt e-coupons. Although Starbucks usually chooses to open shops in busy commercial areas, rents in cities below the third tier are relatively cheap compared to those in first and second-tier cities. Starbucks could reduce its operating costs the third-tier cities and blow by establishing a uniform shop size. Secondly, Starbucks could replace the raw materials for all coffee products with coffee beans from Yunnan, reducing transportation costs and import duties. However, consumers would still have the option to exchange imported coffee beans through a price markup. The owner of a coffee shop in Suzhou says, "Chinese people can't taste the difference between coffee beans; they just know that drinking coffee will look more advanced" [17]. Starbucks' reduced operating costs are rebated to consumers through e-coupons in specific regions (third-tier cities and blow) to avoid high prices that make it difficult for price-sensitive consumers in below third-tier cities and blow to reach Starbucks and achieve small profit but quick turnover. E-coupons can attract new consumers and promote repeat purchases, while consumers can also reap the benefits, which is seen as a win-win strategy [22]; on the other hand, Starbucks can slowly develop the daily coffee-drinking habits of local consumers.

The 2022 Local Coffee Consumption Trends Insight Report [23] shows that the price range of coffee accepted by consumers is RMB16-25. Therefore, Starbucks can meet consumers' demand for a cost-effective product through coupon promotions. However, consumers who are not price sensitive and those seeking a premium Starbucks brand image can also purchase Starbucks products at the original price without using the coupon. Waanders's [24] study found that the behavior of premium brands with deep price promotions positively impacts consumers, who are more willing to spread positive word of mouth and repeat purchase intentions. It is important to note that low price is not the same as low quality and that only when consumers are satisfied with the product and service will they repeat the purchase or recommend it to others. This essay believes that the added value of simple transactions offered by local cafes and other competitors can be surpassed in the downward-reaching consumer market through affordable prices and Starbucks' unique third space experience.

#### **4.4. Recommendation of Scandals and Uneven Development**

There are two reasons for the public pressure on Starbucks: inadequate staff training and supervision. Starbucks could put in place a more comprehensive and strict management system. Clearly define which ingredients are prohibited from use and sale. Also, use an electronic warehouse system to track each batch of ingredients. Better management practices would greatly enhance food safety. It is also essential for Starbucks to train qualified and professional staff. Starbucks should focus on developing staff communication skills. For example, the police eviction incident could have been avoided if the team had been experienced. Starbucks does not prohibit



public areas by people who do not consume in-store. The lack of excellent and clear communication from staff led to Starbucks being caught in the crossfire of public opinion. In addition, Starbucks officials responded to the incident without mentioning that the team had chased away the police. However, these statements, which gloss over the incident, have again sparked public outcry against Starbucks. The best way for Starbucks to address the situation would have been to apologize to the public on social media, which should not have further inflamed public opinion.

Social media and video applications can now be a tool for Starbucks to grow its online market. If Starbucks can use these popular apps well, it can tap into a vast online market. Sell products live, write promotional articles, and post promotions. These are ways to increase Starbucks' audience. More people would be aware of Starbucks' messages and events than only Starbucks members would receive.

## 5. Conclusion

In conclusion, Starbucks' rapid expansion in China is facing challenges. Firstly, the impact of Starbucks' single product and the development of a new retail model (online sales) has led to competitors weakening its market share and competitiveness in China. Secondly, the decline in service quality has negatively impacted consumers' experience of the third place and indirectly raised the issue of food safety; the current Starbucks service does not meet customers' individual needs. Thirdly, Starbucks' high prices are partly due to a negative correlation between falling prices and customer loyalty; on the other hand, it has a dilemma in its pricing strategy due to cost factors. Finally, the lack of marketing efforts has led to the uneven development of online and offline sales; it is worth noting that the arrogance of staff attitudes is, to some extent, attributable to Starbucks' high-end positioning. This essay offers a series of recommendations based on these challenges. Adding the Bar Mixato business model could expand night-time business and sales, increasing the competitiveness of Starbucks. A master-apprentice incentive system can improve staff performance and optimize service quality and turnover. Online coupon promotions can appeal to consumers in downward reaching the market. By building an online community, Starbucks can boost its online sales and maintain its brand image. Starbucks still has a lot of room for improvement in the Chinese coffee market, and only by constantly overcoming challenges will there be better growth opportunities.

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