

A Review of Localization Marketing Strategy of Starbucks in China

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Abstract: This study explores the localized marketing strategy of Starbucks, a world-renowned coffee chain brand, in the Chinese market, as well as the challenges and opportunities it faces. This article comprehensively analyzes Starbucks' localized marketing strategy in the Chinese market through an extensive search of relevant literature, including consumption grading and peripheral product sales. The literature review method helps to comprehensively understand the implementation and effectiveness of Starbucks strategy in the Chinese market. This study found that Starbucks has adopted multi-level localization strategies in the Chinese market, such as consumption grading and peripheral product sales, to adapt to local culture and market needs. These strategies help deliver a personalized coffee experience and build potential brand loyalty. However, Starbucks still faces the challenge of price competition. Therefore, it is recommended that Starbucks increase cooperation with local market products to improve price competitiveness and further segment consumer categories to meet different needs. These improvement suggestions are expected to help Starbucks better adapt to the Chinese market and improve market competitiveness, while also providing useful lessons for other multinational companies entering emerging markets.

Keywords: Starbucks, marketing strategy, market analysis, marketing

1. Introduction

In the context of globalization, multinational enterprises must face various cultural, social and market differences when entering emerging markets. As a world-renowned coffee chain brand, Starbucks' entry into the Chinese market is an important part of its international expansion strategy. As a market full of potential and challenges, the Chinese market requires Starbucks to adopt localized marketing strategies to adapt to local culture and market needs.

Against this background, the purpose of this study is to deeply explore Starbucks' localized marketing strategy in the Chinese market and analyze the factors that lead to its success or failure. At the same time, some suggestions and solutions are put forward

In the past few years, there have been some studies on Starbucks in the Chinese market. These studies mainly focus on Starbucks' market positioning, brand building, product innovation and consumer behavior. However, there is currently a lack of systematic research, especially on Starbucks' localized marketing strategy in the Chinese market. This study will fill this research gap and focus on the implementation and effect of Starbucks' localization strategy in the Chinese market.

This study will adopt in-depth literature research and case analysis methods. First, an extensive search of relevant literature will be conducted to understand the cutting-edge research on Starbucks' localized marketing strategies in the Chinese market. Then, key documents and cases will be selected for detailed analysis, including Starbucks' strategic adjustment, market response and brand building in the Chinese market. Through these methods, this study will comprehensively understand Starbucks' localization strategy in the Chinese market[1].

The significance of this study is to provide useful experience and reference for multinational enterprises to enter emerging markets. Through an in-depth study of Starbucks' localized marketing strategy in the Chinese market, some general lessons can be extracted to help other companies better adapt to different cultures and market environments. In addition, this research can also provide reference for Starbucks' future development in the Chinese market and provide guidance for further optimization of its localization strategy. Ultimately, this research is expected to promote more effective and sustainable interactions between multinational enterprises and local markets, promoting the development of the global economy[2].

2. Research on Starbucks' localized marketing strategy

2.1. Consumption classification

China has a large consumer group and a considerable demand for coffee. The huge market has led Starbucks to adopt a consumption grading strategy in mainland China. In addition to ordinary coffee shops, Starbucks also has star-rated Starbucks. In high-end Starbucks stores, in addition to providing some ordinary products, Starbucks also provides higher-quality beans, hand-brewed coffee, etc. Therefore, in some first-tier cities, when facing groups with higher spending power, it can better meet their needs. In second-tier cities, ordinary products are sold, and the store size is reduced to increase sales[3].

2.2. Peripheral goods

When Starbucks builds stores, it tends to provide consumers with a comfortable and focused environment, and to form a closed consumption loop in the store to meet as many consumer needs as possible. Therefore, in addition to providing coffee, Starbucks also provides many products that are complementary to coffee in its stores. For example, Starbucks provides cups for sale, as well as some light meals, cakes, etc. When consumers are hungry, they can taste the desserts in the store to satisfy their hunger. At the same time, if consumers choke after eating cake, they can also buy coffee to supplement their consumption. Therefore, the simultaneous sale of such complementary products in the store can greatly increase coffee sales.

Because Starbucks also sells peripheral water cups such as mugs and thermos cups. Therefore, Starbucks launched a considerate bring-your-own cup application service. That is to say, when consumers go to Starbucks to buy coffee drinks, they can use their own cups or newly purchased cups in the store to fill the coffee, and the cost of the original paper cup will be deducted from the cost. While promoting the corporate culture of environmental protection, it also deepened the love of Starbucks cups among consumers. While selling coffee, we also increase sales of peripheral products through customized services. The most noteworthy ones are, for example, cups and canvas bags. Starbucks' huge logo will appear on T-shirts and other peripheral products. Since then, when consumers purchase Starbucks peripheral products, they will unconsciously develop a potential brand loyalty through Starbucks' printed trademarks. The cultivation of this unconscious brand loyalty often helps Starbucks retain many high-quality customers, thus stabilizing the Starbucks consumer group in China. And increase the competitiveness in the Chinese coffee market.

In addition, the Starbucks trademark is highly recognizable and printed on various peripheral products. It will also help Starbucks' local marketing in China. As a drink of Western culture, coffee itself is not highly valued in China and has low appeal to the older generation of consumer groups. Its main audience is young workers and office workers. Therefore, advertising brand culture and the advantages of coffee is particularly important for multinational companies. What is unique is that although Starbucks does not spend a lot of energy on advertising on a large scale in China. However, due to the printing of the Starbucks trademark on peripheral products, when Starbucks peripheral products are used by consumers and appear on.

In response to Starbucks' marketing in the Chinese local market. As an international multinational company, Starbucks has also conducted in-depth investigations into China's traditional culture and traditional cuisine. Starting from this aspect, we can further understand the eating habits of local Chinese consumers, thereby increasing local sales in China. Therefore, when selling peripheral products, Starbucks will also sell unique Chinese traditional delicacies such as "moon cakes" as complementary products to coffee that cater to the special tastes of Chinese consumers. While serving as a means for multinational companies to penetrate into local Chinese consumers, it can also further integrate China and the new and sell coffee-flavored mooncakes[4].

3. Suggestions for improving Starbucks' marketing strategy

Recently, brand linkage behavior has gradually emerged in the Chinese market. Consumers interact with two favorite products, which will greatly increase consumers' desire to purchase. Refer to Luckin Coffee, Starbucks' competitor in China's local coffee market. The linkage between its recently launched coffee and Moutai liquor has attracted the desire of consumers to buy. The pricing of "Luckin Coffee" is more affordable than Starbucks coffee, and in terms of quality, because the cost is not much different, and the coffee itself as a drink requires a high level of appreciation, so most consumers are unable to taste the difference, they only focus on the milk and sugar in coffee drinks or other innovative condiments, but they lose the pursuit of coffee itself. Therefore, Starbucks has lost its competitiveness in the mid to low-end market, both in terms of price and price elasticity. Consumers generally tend to choose coffee with higher cost performance. Since then, this article has made some suggestions for Starbucks[5].

3.1. Increase joint cooperation with local market products

By analogy, the linkage between Luckin Coffee and Moutai Baijiu. The advantage of Luckin Coffee itself is that it is cheap and allows more consumers to taste coffee. The basic Moutai liquor - "Feitian Moutai" retails at a high price of 1,499 yuan, which will have a lot of purchasing power for consumers[6]. High demand, it is a luxury product in the consumer classification, and has a higher price PED. However, the "Maotai-flavored coffee" in the linkage is advertised as containing Moutai coffee, but it only costs an ultra-low price of 9.9 yuan. Therefore, being able to taste the flavor of a luxury product at such a cheap price makes Luckin Coffee's original cost-effectiveness advantage expand again through this one-time business cooperation. More consumers are choosing Luckin Coffee because of this linkage, and new consumers are flooding into the coffee market because of the popularity.

Since business linkage can also achieve very good results in the coffee market, Starbucks can also conduct similar business activities. It is true that liquor and coffee are a good combination of traditional Chinese culture and coffee. However, there is also a product line in Starbucks that completes the combination of coffee with Chinese local culture, which is the "Teavana" series[6]. It uses the combination of "tea" and coffee in traditional Chinese drinks to form a new drink that meets the tastes of Chinese consumers. Moreover, this type of product line has been proven over time and

has gradually become one of Starbucks coffee's main products in China. Assuming that this Starbucks product line can be linked with the products of well-known Chinese tea brands such as "Little Can Tea" and "Nongfu Spring", cross-border cooperation will help expand potential consumer groups. And it can achieve the role of publicity while expanding the market, which can produce an effect similar to a surge in sales[7].

3.2. Countermeasures Re-subdivision of consumption categories

Part of the reason for the low price of Luckin Coffee is also because Starbucks has spent a lot of energy on creating a good coffee environment and improving consumers' coffee experience. However, combined with the modern context, most of the people who are in urgent need of coffee are usually office workers and migrant workers. This type of consumer group simply does not have time to spend in coffee shops. Their needs are more to eat quickly so that they can eat quickly. Take coffee with you to work; and cheaper coffee to save costs. Therefore, Starbucks can add stores that do not pay much attention to the layout of the scene, or even only have stores without doing much, so as to save costs and reduce selling prices. Reduce the selling price of coffee by reducing costs, thereby achieving the effect of increasing coffee sales[8-9].

4. Conclusion

The study conducted an in-depth discussion of Starbucks' localization marketing strategy in the Chinese market and summarized the following key results: Starbucks has successfully adopted a multi-level localization strategy in the Chinese market, including consumption grading and peripheral merchandise sales, to adapt to local culture and Market demand. These strategies not only provide a personalized coffee experience, but also cultivate potential brand loyalty, laying the foundation for its steady growth in the Chinese market[10]. However, the research also revealed some challenges, particularly in terms of price competition. Starbucks needs to pay more attention to price-sensitive consumers to increase market share.

Although this study achieved some valuable findings, there are also some shortcomings. First, the research method relied mainly on literature review without conducting field research or interviews. Future research could consider using more qualitative and quantitative methods to gain a more comprehensive understanding of Starbucks' localization strategy in the Chinese market. Secondly, the research can also delve into the competitive relationship between Starbucks and local Chinese companies and the changes in market share.

In order to improve the shortcomings of this article, it is recommended that future research can focus on the following aspects: Market competition analysis: further study on the competition between Starbucks and local Chinese coffee brands, especially the evolution of competitive strategies and market shares in different market segments. Price-sensitive consumer research: Gain insights into the needs and purchasing behavior of price-sensitive consumers to develop more attractive pricing strategies. Influence of cultural factors: Study Starbucks' localization strategies in different regions of China and consider the impact of cultural factors on brand positioning and product innovation. Sustainable development: Discuss Starbucks' sustainable development strategy in the Chinese market, including environmental protection and social responsibility practices.

For the future development of this field, it is recommended that multinational companies pay more attention to the formulation and execution of localization strategies when entering emerging markets, especially in terms of cultural and market differences.

At the same time, as consumers continue to pursue price and quality, competition will become more intense, so companies need to continue to innovate and improve their competitiveness. Finally, this study also provides lessons for other multinational companies entering emerging markets,

encouraging them to deeply study local markets, flexibly adjust strategies, and actively engage in sustainable development practices to achieve long-term success and sustainable growth.

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