

# Analysis of Starbucks' Localization Marketing Strategy in China: Integration Practice of Global Brand and Local Culture

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## Abstract:

With the deepening of globalization, the localization strategy of international brands in emerging markets has attracted much attention. Since Starbucks entered China in 1999, it has expanded rapidly with its unique localized marketing. At present, it operates over 6,800 stores in Chinese mainland, and China has become its second largest market after the United States. The purpose of this study is to explore the integration path of “global standards + local innovation” and its contribution to market success. The research adopts literature analysis and data support method, and it is found that its success is reflected in four aspects: China flavor and cultural symbols are integrated into the products, and tea and coffee fusion products account for 30% of the sales volume; Space design integrates traditional elements such as ink painting to create a “third space”; Build a young brand image by multi-modal narration on platforms such as Tik Tok; Establishing coffee innovation industrial park and realizing the localization of the whole chain. Research shows that multi-dimensional localization enables Starbucks to integrate global brands with local culture, create unique brand value, help it stay ahead and build high loyalty. The conclusion provides reference for international brands to enter China, emphasizes the path of “local deep cultivation + cultural understanding”, and also provides empirical support for related theoretical research.

**Keywords:** Starbucks; China market; localization; marketing strategy; brand positioning.

## 1. Introduction

Coffee, as one of the world's three major beverages, is experiencing increasingly mature industry devel-

opment. As the world's largest developing nation, China represents a significant opportunity for coffee market expansion [1]. With China's rapid economic growth, people's quality of life and consumption

levels continue to improve, creating enormous growth potential for the coffee market. Data shows that from 2016 to 2023, the number of coffee cups consumed per capita annually in China increased significantly, reflecting profound changes in Chinese consumers' lifestyles. According to industry analysis, Chinese coffee consumption patterns have undergone a significant transformation, with per capita consumption increasing by approximately 86% from 9 to 16.74 cups annually during this period [2].

Starbucks, as the world's leading coffee retailer, has evolved from a small coffee shop in Seattle in 1971 to become a multinational coffee chain enterprise with over 30,000 stores and a market value exceeding \$100 billion. In 1999, Starbucks established its first Chinese outlet in Beijing, entering a market traditionally dominated by tea culture [2]. Facing the challenges of traditional tea culture, Starbucks successfully established its leadership position in China's coffee industry within just a few years, achieving tremendous success. This challenge is particularly significant given the cultural context. Western countries view coffee as an everyday beverage, China represents a non-traditional coffee market where consumers historically favor tea and other local drinks [3]. This fundamental difference in consumption habits makes Starbucks' success in China all the more remarkable.

After more than twenty years of development. Currently, Starbucks operates more than 5,400 stores across over 200 cities in mainland China, employing more than 60,000 partners, making China its fastest growing and largest overseas market [4]. Starbucks has become a cultural symbol deeply loved by Chinese people, with its logo no longer representing just a cup of coffee, but a symbol of brand and culture.

However, the uniqueness of the Chinese market lies in its traditional tea culture background. As noted in research, unlike Western countries where coffee serves as a daily beverage, China represents a non-conventional coffee-drinking nation that traditionally favors tea and other local beverages [5]. This cultural difference means that international coffee brands cannot simply replicate their successful models from Western markets, but must deeply understand the needs and preferences of Chinese consumers.

Existing research extensively discusses Starbucks' brand value, brand assistance, and ethnocentrism issues in developing countries, but research exploring Starbucks customer satisfaction and behavioral intentions from a service quality perspective is relatively limited. Particularly in non-traditional coffee-drinking countries, where coffee culture development lags behind that of Europe and America, the applicability of the traditional service quality model DINESERV in segmented service industries remains controversial, and its dimensional applicability in

beverage industries like coffee shops requires further discussion.

Based on this background, this study will explore the determinants and interrelationships of satisfaction and behavioral intentions by constructing relationships among perceived service quality, perceived value, customer satisfaction, and behavioral intentions.

This study adopts a methodology combining literature analysis with data support, systematically analyzing Starbucks' localization marketing strategies in China from four dimensions: product localization, spatial design localization, digital communication localization, and operational localization. The research results not only help coffee enterprise managers and operators reasonably assess consumer demands and value perceptions for coffee products and services, maintain customer relationships, and achieve sustainable marketing development, but also provide valuable practical references for other international brands entering the Chinese market.

## **2. Core Logic and Market Positioning of Starbucks' China Localization Marketing**

### **2.1 Core Localization Logic**

Starbucks' success in the Chinese market is not accidental, but the inevitable result of its „global standards + local innovation“ integration logic. At the global brand standards level, Starbucks insists on maintaining its core value proposition: premium service quality, unified store design style, and consistent brand values. The company has consistently maintained its dedication to sourcing and roasting premium Arabica coffee beans as a foundation of its global operations [2].

To ensure product quality and stable supply, Starbucks has established a complete localized supply chain system in China. For example, in 2021, Starbucks established a coffee plantation in Yunnan, China, to ensure the quality and stable supply of Arabica coffee beans. Additionally, Starbucks employees receive unified professional training to provide consumers with standardized high-quality service. More importantly, Starbucks' strategic emphasis on the Chinese market is reflected in its innovative investments. According to official company sources, Starbucks has constructed a dedicated Coffee Innovation Park specifically designed for the Chinese market, showcasing the complete journey from individual coffee beans to finished beverages. This investment not only demonstrates the complete chain from green beans to a cup of coffee but also reflects Starbucks' determination to regard the Chinese market as a global strategic priority.

In terms of localized innovation strategies, Starbucks demonstrates distinctive „Chinese characteristics“ in site selection, product development, operations, and communication strategies. This localization is not simply a product adjustment, but a deep understanding and systematic response to Chinese consumers' cultural backgrounds, consumption habits, and value concepts.

## 2.2 Market Positioning Adjustment

Starbucks has undergone a strategic positioning transformation in the Chinese market from simple „premium coffee“ to „quality lifestyle.“ Since establishing its presence in the Chinese coffee market, Starbucks has concentrated on premium brand positioning while delivering high-quality freshly brewed coffee products [2].

Starbucks' target customer groups mainly include urban white-collar workers, young consumers, expatriates, and middle-class groups passionate about coffee culture. This consumer demographic typically demonstrates high brand loyalty and willingness to pay premium prices for quality experience and brand value [2]. These consumers usually have high brand loyalty and are willing to pay premiums for quality experience and brand value.

In terms of spatial concept construction, Starbucks has successfully introduced the „third space“ concept to the Chinese market. The company actively promotes the 'third space' concept, with store design and service experiences centered around creating a comfortable environment between home and work settings [2]. Different from Western fast-consumption habits, Starbucks emphasizes „relaxation + communication“ consumption scenarios in China, providing consumers with comfortable environments that offer free WiFi, phone charging, and laptop power outlets. However, Starbucks' premium pricing positioning strategy has also sparked controversy in the Chinese market. As documented in media reports, in 2013, China Central Television raised concerns about Starbucks' pricing practices, suggesting the company might be engaging in excessive profit-making by selling coffee at premium prices [4]. Despite facing pricing controversies, this premium pricing strategy has actually helped Starbucks establish a high-end brand image in Chinese consumers' minds, maintaining consistency with its global brand positioning. Research findings suggest that while Starbucks' pricing in the Chinese market indeed exceeds that of other countries, this differential pricing strategy, as a form of price discrimination, operates within acceptable fair-trade principles [4]. This pricing strategy not only reflects brand value but also successfully locks target customers to groups with certain consumption capabilities and brand recognition, laying a solid customer foundation for Starbucks' long-term development in China.

## 3. Specific Practices of Starbucks' China Localization Marketing Strategy

Starbucks' success in the Chinese market relies not only on its global brand influence but more importantly on its deep localization practices in products, spatial design, and digital marketing. This „global standards + local innovation“ integration model enables Starbucks to effectively adapt to the unique needs and cultural preferences of Chinese consumers while maintaining brand consistency.

### 3.1 Product Localization: Integrating Chinese Flavors and Cultural Symbols

Starbucks demonstrates deep understanding and respect for Chinese culture in product innovation. According to relevant research, tea-coffee fusion products account for 30% of sales, fully reflecting Starbucks' emphasis on and commercial application of Chinese tea culture traditions [6]. According to Qiu's research, Starbucks emphasizes innovation and personalized service, attempting to continuously bring surprises and joy to customers, while product innovation significantly positively impacts customer purchasing decisions for both Starbucks and Luckin Coffee [7].

In specific product development, Starbucks has launched numerous festival beverages and regional limited editions that integrate traditional Chinese elements, such as Peach Blossom Latte, Osmanthus Americano, and Pu-erh Coffee. These products not only cater to Chinese consumers' taste preferences but also convey the brand's cultural identity at the cultural level. Through local ingredient usage strategies, Starbucks effectively conveys cultural affinity, helping this foreign brand establish emotional connections in Chinese consumers' hearts.

As Qiu points out, as a foreign coffee brand, Starbucks has made efforts to cater to customer ethnocentrism, for example, Starbucks continuously attempts to integrate its store design, products, and style with localized Chinese characteristics to express respect for Chinese history and traditional culture. Furthermore, Starbucks incorporates Chinese elements into its offline store design styles and products to overcome barriers caused by consumer ethnocentrism and express Starbucks' respect for Chinese culture and history [7].

### 3.2 Store Space and Scene Localization

Starbucks deeply understands the importance of the „third space“ concept in the Chinese market, therefore investing significant effort in localizing store design. According to relevant studies, traditional Chinese elements such as ink painting, Chinese wood materials, and window lattices are introduced into spatial design, making each store reflect respect for and integration with local culture [6]. As Qiu's

research indicates, Starbucks is passionate about creating the „third space,“ namely its offline stores, because experiential marketing is one of Starbucks' key strategies [7]. Starbucks Reserve stores, such as the Shanghai Reserve Roastery, push this concept to the extreme, creating coffee experience scenes with cultural richness and immersion. These flagship stores are not only sales venues but also showcase windows for brand culture and elevated spaces for consumer experiences. According to the findings, Starbucks believes people should spend time enjoying a cup of high-quality coffee in elegant environments [7].

From a business layout perspective, As Qiu's study reveals, Starbucks usually chooses to locate stores in busy commercial centers or financial centers, through this approach, Starbucks intends to reflect the required elegance and class in its offline store decorations [7]. This carefully designed space becomes an extension of brand value perception, allowing consumers to feel the lifestyle and value concepts conveyed by the brand while enjoying coffee.

### 3.3 Digital Communication and Local Social Media Marketing

In the digital age, Starbucks fully utilizes Chinese local social media platforms for brand communication. According to Gu's research, compared to Weibo and Rednote, Starbucks gained significant attention on the Douyin platform, with its „China Starbucks“ account having over 5.6 million followers as of November 19, 2023 [8]. This figure reflects Starbucks' deep understanding of and successful adaptation to China's digital marketing ecosystem. In communication strategies, Starbucks employs multi-modal narrative approaches, constructing brand image through visual symbols. As the research indicates, the study applied the visual grammar theory proposed by Kress and van Leeuwen, believing that colors, music, typography, and other visual features of images have structures and organizational methods similar to language [8]. Furthermore, according to the study, Starbucks successfully positions itself as a coffee brand embodying „global, modern, prestige, and success values,“ where customers can demonstrate personal status, economic capability, and social altruism through purchasing its products [8].

According to Gu's analysis, brands frequently integrate elements synonymous with the Starbucks brand in content production, such as white text with green borders, server uniforms, and logos are frequently integrated into content [8]. This consistent visual communication strategy strengthens brand recognition. Meanwhile, Starbucks' youthful and trendy communication strategies effectively enhance brand loyalty. As the research shows, when promoting new Starbucks products, descriptions that resonate with mainstream Chinese youth mentality are adopted, namely that adults can still indulge in childlike behaviors

and celebrate Children's Day [8].

Through coordinated operations across social platforms (Rednote, Weibo, WeChat), Starbucks has formed a complete brand opinion loop, not only enhancing brand awareness but also establishing deep emotional connections and brand identity among young consumer groups. However, as Cao notes, social media marketing creates both opportunities and risks, since any brand behavior becomes „infinitely magnified“ online [9]. This reality makes careful brand management crucial for Starbucks' continued success in China's digital landscape. This comprehensive digital marketing strategy enables Starbucks to maintain its unique brand value and market position in fierce market competition.

## 4. Competitive Environment and Local Brand Comparison

### 4.1 Positioning Differences with Luckin Coffee

In the fierce competition of China's coffee market, Starbucks and Luckin Coffee have formed distinct differentiated positioning. Starbucks emphasizes a „brand + scene“ strategy, attracting consumers by creating comfortable social spaces, reflecting its emphasis on emotional value. According to Jiang's analysis, Starbucks attracts mid-to-high-end consumers through its premium brand image and focuses on creating a „third space“ with a warm atmosphere [2]. This positioning strategy has established unique brand recognition in consumers' minds, making Starbucks not just a coffee brand but a symbol of lifestyle. In contrast, Luckin Coffee has adopted a completely different market strategy. Luckin focuses on „affordable + convenient“ as its core competitive strategy, attracting consumers through aggressive pricing strategies. According to Qiu's research, Luckin Coffee provides discount coupons up to 80% and continuously stimulates repeat purchases through aggressive pricing approaches [7]. This strategy targets price-sensitive consumer groups seeking convenience, particularly busy urban young people.

In product innovation, the two brands also demonstrate different driving models. Luckin's technology-driven approach versus Starbucks' emotion-value-driven approach is particularly evident. Luckin Coffee relies on digital management and mobile internet technology to achieve efficient delivery and pickup models, meeting consumers' needs for speed and convenience. Starbucks, however, focuses more on conveying brand emotion and cultural connotations through product innovation, emphasizing the stories and experiential value behind coffee.

In brand competitiveness, According to Yang's comparative study, Starbucks demonstrates stronger brand recognition competitiveness compared to Luckin Coffee,



while both brands have succeeded in offering good-taste products [10]. This difference in brand recognition reflects Starbucks' years of deep cultivation in the Chinese market and demonstrates the important position of brand accumulation in consumers' minds.

## 4.2 Customer Behavior Comparative Analysis

At the consumer behavior level, customer groups of the two brands exhibit different characteristics and preferences. Customer sensitivity to price, discounts, and service shows obvious differences. Luckin's target customer group mainly consists of price-sensitive young white-collar workers, students, and workplace newcomers who focus more on cost-effectiveness and convenience, purchasing coffee primarily to stay alert during work and study breaks.

Starbucks consumers pay more attention to brand experience and social functions, willing to pay premiums for quality environments and services. These consumers typically have strong economic capabilities and brand awareness, viewing Starbucks consumption as an identity recognition and quality-of-life expression.

Notably, the impact of consumer ethnocentrism on the two brands differs significantly. According to Qiu's research findings, customer ethnocentrism has a significant impact on Luckin Coffee purchase decisions, but shows almost no impact on Starbucks consumers [7]. This phenomenon indicates that customer ethnic preferences for local brands have minimal impact on Starbucks, reflecting that Starbucks' successful localization strategies have largely eliminated consumer resistance to foreign brands.

From consumer feedback, the criticism focuses on points for the two brands also differ. According to Yang's consumer feedback analysis, Starbucks receives negative feedback mainly on pricing and new product taste, while Luckin Coffee faces criticism regarding store environment [10]. This difference further confirms the different positioning and expectation levels of the two brands in consumers' minds, providing clear directions for respective improvements.

Consumer preference data is also very revealing. According to Yang's survey findings, 45 respondents claimed that people around them prefer consuming Starbucks, while only 26 claimed Luckin Coffee [10]. This data reflects that Starbucks still has obvious advantages in influence and word-of-mouth communication effects within consumers' social circles.

## 5. Existing Challenges and Improvement Suggestions

Despite Starbucks' significant success in localization marketing in the Chinese market, it still faces numerous chal-

lenges that require continuous attention and improvement. The ongoing controversy over premium pricing strategies has consistently been a core challenge Starbucks faces in the Chinese market. As early as 2013, CCTV questioned Starbucks' suspected excessive profiteering, and this controversy still affects some consumers' brand perception today. According to Liu's research, Starbucks pricing in the Chinese market is indeed more expensive compared to other countries, creating ongoing challenges for market acceptance [4]. Although Starbucks has to some extent justified its pricing through brand value and service quality, this remains an issue requiring careful handling in the price-sensitive Chinese market.

Post-pandemic offline operational pressure has also brought new challenges to Starbucks. The traditional "third space" concept has been impacted in the post-pandemic era, and changes in consumer behavior patterns require Starbucks to re-examine its operational strategies. The popularization of work-from-home, increased delivery demand, and consumers' higher requirements for health and safety all prompt Starbucks to strengthen digital service capabilities while maintaining offline experience advantages.

The challenge of facing fierce competition and losing young people's attention is even more severe. With the rise of local brands like Luckin Coffee, Starbucks' influence among young consumer groups has been impacted. According to Liu's analysis, local Chinese coffee brands with youthful positioning and people-friendly pricing have caused Starbucks to lose young customers [4]. Young consumers are more easily attracted by novel marketing methods and preferential prices, presenting new tests for Starbucks' traditional brand strategies.

Rising global supply chain costs have further intensified Starbucks' operational pressure. Factors such as raw material price fluctuations, increased transportation costs, and rising labor costs all bring challenges to Starbucks' profitability.

Based on these challenges, Starbucks needs strategic adjustments in the following areas: First, deepen digital operational capabilities, improve efficiency and reduce operational costs through technological innovation while enhancing integrated online-offline service experiences; Second, launch product lines with clearer price tiers, maintaining premium positioning while meeting different consumption level needs by considering more cost-effective product options; Finally, strengthen sustainable development narratives and social responsibility image, attracting value-conscious young consumers through environmental concepts and social responsibility practices, which not only helps improve brand image but also aligns with contemporary consumers' value pursuits.

These improvement measures will not only help Starbucks

address current challenges but also lay a solid foundation for its long-term development in the Chinese market, achieving sustainable brand value growth.

## 6. Conclusion

Through systematic analysis of Starbucks' localization marketing strategies in the Chinese market, this study reveals important pathways for how global brands can successfully achieve localized adaptation while maintaining consistency. Starbucks' success in the Chinese market is not accidental but the inevitable result of its "global standards + local innovation" integration logic.

This study finds that Starbucks' deep localization practices across four dimensions—products, spatial design, digital communication, and localized operations—have successfully achieved organic integration of global brand value with Chinese local culture. At the product level, the 30% sales proportion of tea-coffee fusion products fully demonstrates the commercial value of cultural integration; In spatial design, the "third space" concept incorporating traditional elements such as ink painting, Chinese wood materials, and window lattices effectively conveys the brand's cultural identity; In digital communication, through multimodal narrative strategies on local social media platforms like Douyin, Starbucks has successfully established a youthful and trendy brand image.

These cultural integration achievements have not only helped Starbucks maintain its leading position in fierce market competition but also created unique brand value perception for consumers. As research shows, consumer ethnocentrism has minimal impact on Starbucks, precisely reflecting the success of its localization strategies.

The core finding of this study indicates that global brands entering the Chinese market must follow the development path of "local cultivation + cultural understanding." Starbucks' successful practices prove that true localization is not abandoning brand core values, but enhancing brand cultural adaptability and market competitiveness through localized innovation while maintaining global brand consistency.

From a theoretical perspective, this study provides new empirical support for theories on international brand localization strategies, consumer cognition, and cultural

adaptation research. Successful localization strategies require systematic solutions that coordinate across multiple dimensions including product development, spatial experience, digital communication, and operational management. The findings of this study not only provide guidance for the coffee industry but also offer referenceable strategic thinking and implementation pathways for all international brands seeking success in the Chinese market.

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