

Localized Marketing Strategies of Multinational Companies in China: The Case of Starbucks

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Abstract: In the background of continuing globalization, transnational corporations need to pursue global brand unification and adjust the market strategy to be localized according to the characteristics of different markets. China has an enormous population that drives rapid economic growth, and it has a long cultural tradition and stable consumer demand. It could provide an international brand not only with so many opportunities but also bring a lot of challenges. Starbucks, as a typical case to study the localized market strategy, shows how it could succeed in the complex environment with its local market strategy. This essay analyses Starbucks' entry strategy, product localization, brand culture integration, and digital marketing in the Chinese market. By analyzing local consumers' tastes, culture, and acceptance of technology, Starbucks has successfully established its brand presence in the Chinese market. However, it still faces some challenges among other brands in China, like competition, price positioning issues, and changing consumer trends. Starbucks' case shows that if multinational corporations want to develop in the diverse market of China for a long time, they need to have culturally adaptable, flexible marketing strategies, be emotionally communicative, and have digitally innovative abilities. And this study could provide experience for other multinational corporations.

1 INTRODUCTION

1.1 Globalization and Challenges for Multinational Corporations

The rapid development of globalization accelerates the speed of expanding culture, technology, and commercialization. This trend presents both vast business opportunities and complex challenges for most multinational corporations. Globalizations contribute to gaining more global resources like advanced management theory, technology platforms and brand influence for corporations. They should enter the global markets. But at the same time, it needs multinational corporations to know how to deal with unfamiliar cultural values, legal systems, and consumer behaviour (Zhang, 2023). However, these global resources do not have a direct impact on the complex local environment. For example, the standard management system cannot match to executive process in China. So, finding the balanced

point between global standardization and local adaptation has become a key to success.

China is an example that is filled with dual challenges. China is provided with an attractive and fast-growing market as the world's second-largest economy. Meanwhile, it brings so many issues like cultural traditions, a long-standing preference for tea, and a local digital ecosystem represented by WeChat and Alipay (Buachie-Mensah, 2012). In this market environment, the preference of consumers is influenced by Chinese cultural tradition and the significance of symbolization (Buachie-Mensah, 2012). At the same time, the multinational companies can design products is not enough, but they must also solve how to localize these resources. In this way, multinational companies must build trust and adjust their market strategies to meet the requirements of local consumers. However, some companies which do not adjust their strategies and only use the global model find it hard to achieve success to stay in China. It is very essential to make localized market strategies to adapt to the special society and characteristics of culture Chinese market (Buachie-Mensah, 2012).

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1.2 Unique Characteristics of the Chinese Market

Markets in China have multiple unique characteristics that are significantly different from other new economies. Firstly, a population of more than 1.4 billion people offers more opportunities for markets, which include different provinces, different levels of cities, and social communities (Scott, 2004). This diversity could help to reach specific consumers through different products and marketing approaches. In addition, the rapid urbanization promotes the growth of the middle class. Especially for consumers from Tier 1 and Tier 2 cities, they would pay more attention to the identity of brands, lifestyle, and consumption experience instead of basic needs (Scott, 2004). So, when they investigate the market, they need to consider the large number of consumers and understand deeply the difference between structure and dynamic change. Secondly, Chinese cultural values play a key role in consumer behaviour. Consumers often make purchasing decisions based on "guanxi", collectivism, and respect for social harmony and tradition (Shu, 2024). If brands want to get identification, they must respond to Chinese values on products and broadcasting. Chinese consumers focus on group identity, social status, and brand credibility. It is different from Western countries in that consumers often want to emphasize their personality and self-expression. So, if foreign brands decide to build loyalty, they must understand and respect the standard of culture (Boachie-Mensah, 2012). The combination of differences in population structure and value system makes it hard to make a single strategy play a role in the Chinese market. This boosts the demand for localization. Finally, China's digital ecosystem is localized and innovative. Some Apps like WeChat include communication, shopping, payment, and social functions, which have reshaped the idea from awareness to purchase (Akasaka, 2022). The digital integration boosts the data-driven personal strategy. The "new retail" model and the popularization of mobile payments have challenged traditional marketing strategies. Brands need to adopt a strategy that combines numbers and innovation as the core so that they can remain competitive in a diverse market (Qumu, 2023). Overall, when the requirements for entering the market, adapting culture and technology are met could be successful in China.

1.3 Starbucks in China: An Overview

Many experts doubt the success of Starbucks since it entered the Chinese market when 1999. At that time, there were fewer people who drank coffee and consumed coffee, that is because tea culture was dominant in China. However, Starbucks transformed coffee successfully into of lifestyle, status, and social symbol which is related to the middle class in the urban (Qumu, 2023) (Shu, 2024). The success of Starbucks is not using the Western model. It meets the preferences and values of consumers in China by localizing its strategy.

Starbucks keeps its core of global brands, such as quality, community, and sustainability, while incorporating Chinese elements into its products, store design, and marketing strategy (Akasaka, 2022). For example, the coffee mooncakes for the Mid-Autumn Festival, dumplings for the Dragon Boat Festival, and using the local style to design stores. This action not only provides coffee but also creates a new consumer experience for consumers. The concept of "third space" meets the expectations of young Chinese white-collar workers on experience-based consumption (Akasaka, 2022). Starbucks is different from some brands that cannot adapt to the local culture. It adopts a flexible and locally designed strategy instead of adjusting according to consumption trends and digital behaviours (Qumu, 2023). The inserting culture strategy is essential to sustain growth and build brand loyalty.

1.4 Research Objectives and Structure

The purpose of this paper is to analyze the localized strategy of Starbucks in China. Four aspects need to be focused on: the approach of entering the Chinese market for Starbucks and positioning strategy, the localization of products, the local integration of its brand culture, and innovation in digital marketing. This essay discusses how Starbucks could deal with the specific economy, culture, and technological environment in China.

In the meanwhile, showing Starbucks' achievements, this essay also examines the sustaining challenges that Starbucks faces, such as increasing competition in the local market, differences in the field market, and the changing demand of consumers. Through the whole estimation of success and limit elements, the article hopes to offer a valuable reference for other multinational companies that plan to enter to Chinese market and some Chinese brands that find a development of globalization.

2 ANALYSIS OF LOCALIZATION MARKETING STRATEGY IN CHINA

2.1 Strategic Market Entry and Premium Positioning

Starbucks entered China in 1999, it took a localized strategy approach that included corporate with local companies and in-depth market research. Firstly, it started with opening stores in Beijing, Shanghai, Guangzhou, and other cities that belong to the first-tier cities. That is better to target the well-educated urban middle class and white-collar population and shape an image of a premium lifestyle brand. The concept of a "third space" means the social place is outside of the home and workplace. Most people in China who pay attention to belonging to a group think this is a good idea (Liu, 2023).

To sustain its premium positioning, the stores of Starbucks are in premium shopping malls, core business districts, cultural landmarks, and cultural landmarks. And they incorporated some Chinese elements, such as calligraphy and traditional tattoos, into the store design to enhance its local cultural fit (Shu, 2024). This localized strategy makes Starbucks a cultural symbol of young Chinese professionals. Its early success is because of the balance between global brand positioning and local experience (Shu, 2024).

2.2 Product Localization to Match Local Palates

To better incorporate the taste of Chinese consumers, Starbucks designed a localized product that blends the global culture of coffee with traditional Chinese flavours. In addition to the normal beverages, the company has launched some new items such as Matcha Frappuccino, Red Bean Latte, and mooncakes limited to the Mid-Autumn Festival (Akasaka, 2022). The more important thing is Starbucks's focus on the feedback from customers. They can acquire real-time responses through some channels such as store sales data, online comments, media interaction and so on. This festival and cultural product not only respects the local taste but also improves the emotional connection of consumers.

Starbucks adjusts its menu according to Chinese eating habits and adds some light snacks, dim sum, and Chinese pastries (Xia, 2024). Also, the brand has introduced products that include images of Chinese zodiac signs, holiday symbols, and local specialties.

These products become a part of young people's lifestyle. The flexible approach that Starbucks used in China is different from the approach of other markets, such as Australia, which failed due to a lack of localization (Zhang, 2023). Starbucks in Australia cannot understand the traditional culture of coffee in depth, which leads to the price position being too high to meet the demand of the market. In contrast, integrating some cultural elements in China builds an emotional connection. This strategy enables them to get widespread recognition and long-term customer loyalty in the local market. Thus, the failure experience in Australia shows the importance of understanding and integrating culture, this case provides a real reference and a warning for optimizing in China.

2.3 Digital Innovation and "New Retail" Adaptation

In the face of a developed digital system, Starbucks has adopted a technological marketing strategy. Through the cooperation with Alibaba, Starbucks combines mobile ordering, digital payment, member rewards, and third-party delivery, and builds a continued platform (Zhang, 2024). On the "Star Delivery" service and customized WeChat apps, consumers could place an order, payment, track delivery and interact with the brand directly in the digital environment. This follows the developed trend in China of "new retail" that integrates online and offline (Akasaka, 2022).

Starbucks optimize its members' system through dynamic updates on personalized pushes, points mechanisms and exclusive offers. It has also optimized its membership system through digital channels, including some functions like launching new products on mobile, game interactions, and personalized offers based on user behaviour. These increase the attendance rate and repurchase rate of customers significantly. Also, brands utilize some digital tools to collect data to optimize the content of their strategy and store operations. These innovations have not only improved the service convenience but also helped to establish the modern, flexible image of the brand. China is one of the most flexible digital markets in the world, digital transformation has become key to maintaining its competitiveness. China has mobile infrastructure, and customers have a higher adaptation to technology. This boosts the company must update the technology and service experience rapidly. The digital strategy is suited to these market characteristics. It finishes the online services like taking an order, payment and delivery.

The brand has been localized by incorporating Chinese traditional values. Its advertisements emphasize some themes like "reunion," "harmony," and "abundance" in the Chinese New Year and Mid-Autumn Festival. It enhances emotional identification and emotional attraction (Liu, 2023).

They collaborate with some local artists to incorporate aesthetics into packaging and store design to improve cultural affinity, which is very popular with young consumers (Shu, 2024). Meanwhile, Starbucks builds a responsible brand image by creating projects like education, environmental protection, and rural revitalization (Shu, 2024). These strategies strengthen consumer trust, maintain its international image, and achieve deep resonance with Chinese values.

2.4 Brand Localization and Cultural Resonance

In the face of a developed digital system, Starbucks has adopted a technological marketing strategy. Through the cooperation with Alibaba, Starbucks combines mobile ordering, digital payment, member rewards, and third-party delivery, and builds a continued platform (Zhang, 2024). On the "Star Delivery" service and customized WeChat apps, consumers could place an order, payment, track delivery and interact with the brand directly in the digital environment. This follows the developed trend in China of "new retail" that integrates online and offline (Akasaka, 2022).

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3 THE EFFECTIVENESS AND CHALLENGES OF STARBUCKS' LOCALIZATION STRATEGY

3.1 Successes in Market Penetration and Brand Equity

The localization strategy implemented by Starbucks in China has achieved outstanding market success.

By 2023, China will become the second market in the world after the United States for Starbucks. The number of stores is more than 6000, and it covers about 230 cities (Qumu, 2024). Starbucks is not only visualized as a coffee brand in China but also a symbol of lifestyle for white-collar workers, college students, and the middle class (Xia, 2024).

The core concept of "third space" (the social space outside of home and company) is incorporated with consumers' daily patterns. So, the stores rapidly become a complex space that integrates business negotiation, self-study gatherings, socializing with friends and relaxation. With localized products and cultural elements merged into store design, this connects deeply with customers' emotions (Shu, 2024).

Starbucks has also strengthened its brand value through a consistent brand strategy. While maintaining the globally harmonized values of "Quality, Comfort, and Community", they actively adapt to the local demand. They introduced the menu in a dual language and included some activities that combined Chinese festivals and store designs with local characteristics. These actions enhance the familiarity and trust of consumers (Akasaka, 2022).

More importantly, Starbucks has an important impact on boosting the development of coffee culture in China. In the background of a traditional tea-dominated culture, Starbucks contributes to building a cognition about coffee for consumers. And let coffee become a fashionable and sophisticated lifestyle choice. The success of Starbucks has led to more local coffee and a third wave of coffee culture (Qumu, 2024).

In addition, Starbucks participates in education, environmental protection, and community building in China (Shu, 2024). This steadies the image of a responsible global brand. The retail leaders and brand representatives are all struggling with integrating into Chinese urban culture.

3.2 Persistent and Emerging Challenges

Although Starbucks has a strong performance in the Chinese market, the challenges that the strategy has faced may influence the growth and market stability in the future. The most prominent challenge is the rise of local coffee such as Ruixing Coffee. Ruixing Coffee attracts some young consumers who are based on the “mobile-first” approach by using the low-price strategy, rapid product iteration, and digital convenience. This group pays more attention to efficiency and value for money instead of random ambiance or history and culture (Lyu, 2023). Ruixing’s ability to quickly launch new products and online promotions has enabled it to rapidly develop in second-tier and third-tier cities. This breaks the traditional coffee retail landscape.

Starbucks insists that premium price positioning is helping to strengthen its brand positioning, but the high price also limits its expansion in the market. In second-tier cities and third-tier cities, most people think coffee is only a normal beverage instead of a premium experience. In this way, the price of Starbucks is much higher than the price of Ruixing, so it cannot attract customers (Qumu, 2024).

At the same time, the demand of Chinese consumers for health, functional drinks, and personal services is increasing. The drinks, which are low-sugar and supplemental, are more popular. And data-driven personalized recommendations and interactions have become the new standard for service experience (Lyu, 2023).

The sustainable concept is focused on customers, especially young people. If a brand cannot achieve the promise of environmental protection and social responsibility, it is hard to maintain brand loyalty. The sustainable goal designed by Starbucks globally does not completely correspond to the local concerns of Chinese consumers. So, they need to perfect their packaging, waste management, and community partnerships to be localized.

Besides, the field difference in China is a challenge, too. There are some differences in taste, language, payment habits, and lifestyles between different cities. So, they need to adjust some aspects of products, sales, and store experiences. In the meantime, uncertainties in the macroeconomic environment, like cautious consumption after the epidemic, policy changes, and inflationary pressures, also increase the risk to the brand's operations (Lyu, 2023).

Therefore, Starbucks must keep its highly flexible approach and continue to deepen its innovation. They

could collaborate closely with Chinese local technology and make their brand strategy correspond to the changed values of consumers to achieve this goal. In this rapidly transforming market, the brand's sustainable competitiveness is determined by the adaptability of its strategy.

4 REVELATION OF STARBUCKS LOCALIZATION STRATEGY

4.1 Strategic Insights for Multinational Corporations

The experience with the localization strategy of Starbucks in China provides several important strategic insights for other multinational companies that wish to succeed in multicultural markets.

Firstly, the in-depth culture is very critical. The superficial adjustment is not enough to achieve a sustained impact, like changing a slogan or launching a symbolic product. The reason for the success of Starbucks is that it integrates Chinese cultural values, aesthetics, and festive traditions into the product design, store environment, and communication strategy (Akasaka, 2022). So, achieving the connection between emotions and cultural fit that beyond the transactional level.

Secondly, technological innovation must become a prior strategy in the technologically advanced market. Starbucks has active mobile payment, a member App system, and a digital platform that combines WeChat with Alipay (Akasaka, 2022). This dramatically improves the convenience and interactive participation of customers and makes brands consistent with modern consumption habits.

Thirdly, the allocation of the market needs to be dynamic and data-driven. Starbucks makes a difference in products and price positioning strategy according to the level of cities, income groups, and regional tastes. In contrast, static or overly standardized strategies are hard to achieve in the highly diverse market in China (Zhang, 2024).

Fourthly, the establishment of emotional brands and corporate social responsibility is essential to get long-term trust. Through sustained investment in education, environmental protection, and community development, Starbucks shapes an active brand image and integrates with the local society (Shu, 2024).

Finally, global brands need to keep a balance between local adaptation and brand consistency. Starbucks maintains its core values of “quality, community, and sustainability” while adjusting its

flexible local strategy to ensure cultural fit and keep the essence of the brand. For most multinational companies, this ability to “adapt without getting lost” is a key to across the complexity of culture.

4.2 Implications for Chinese Enterprises Going Global

With China's growing economic power, more and more enterprises are actively entering the international market. In this process, the localization experience of Starbucks in China offers an important reference for strategy for Chinese companies. Starbucks, as a global brand, integrates itself into Chinese culture deeply. Chinese firms need to learn how to combine their products with the environment of foreign consumers when they enter to world. This not only involves product delivery but also emotional branding, cultural sensitivity, digital operations, and corporate social responsibility (Xia, 2024).

Firstly, the emotional brand is crucial. Starbucks successfully establishes brand identification by providing an experience instead of just selling coffee. The “third space” concept, localized store design, and holiday-only products deeply combine brands with the lifestyle of consumers and their emotions. Chinese companies need to open their transaction-oriented thinking and create a brand story that meets the internal demand of customers, values, and identity.

Secondly, respecting local culture and integrating deeply is the basis. Behind the success of Starbucks is its precise adaptation to traditional Chinese culture, aesthetics, and social habits. If Chinese firms would like to enter the cultural system in Europe, America, or other countries, they need to make a localization adjustment in product design, language expression, service mode, and marketing content. If they use the unified “globalization” model would be hard to acquire trust and sustain the market.

Thirdly, digital innovation needs to become a connector instead of just a tool. Starbucks builds a whole digital system in China and combines WeChat apps, mobile ordering, membership programs, and real-time promotions. Chinese brands also need to invest in establishing a local digital platform. Utilizing the local data to achieve personal service to advance user stickiness and brand relevance (Xia, 2024).

In addition, corporate social responsibility plays a key role in the acceptance of global brands. Starbucks has acquired broad recognition in Chinese society through sustainability, education support, and community building (Shu, 2024). Chinese companies

need to do something like Starbucks to address environmental, ethical, and social responsibility issues in their target markets. For example, carbon neutrality, transparent labour systems, or community involvement programs.

Ultimately, the key to success is to balance the strategy. Chinese companies not only keep innovating but also accept the differences in local diversity and values. Truly global brands need to resonate with the locals instead of being consistent globally. Starbucks' journey in China shows that only listening, adapting, and integrating deeply could win cultural recognition and long-term competitiveness in a global market.

5 CONCLUSIONS

Starbucks' success in China shows other multinational companies that, in conditions that do not satisfy the unity of a global brand, it could also achieve a reference of stratified localization. By combining the brand with local tastes, cultural norms, digital behaviours, and emotional values, Starbucks has successfully changed coffee into a symbol of fashion and lifestyle that Chinese consumers pursue. This change not only changes the superficial marketing adjustment but also depends on a deep, systemic localization strategy that permeates products, store environments, and digital platforms.

The core of the success of Starbucks is that it could make a balance between the unification of the global brand and cultural sensitivity. The brand could establish a true cultural connection through seasonally limited products, local cultural aesthetics, festive marketing campaigns, and localized employee hiring. In digitalization, Starbucks actively promoted mobile ordering, member apps, and in-depth integration with WeChat and Alipay to meet some consumption habits of Chinese consumers, like “mobile-first, social-oriented”. In the meantime, the store in the position of “third space” improves the emotional connection and lets consumers not only consume coffee but also build a sense of socialization and belonging.

However, dynamic adaptation must be the condition of sustaining success. Local brands like Ruixing, with its flexible innovation, digital drive, and pricing strategy, would be a strong challenge for Starbucks. Also, the increasing expectations of consumers on health, personality, environmental protection, and social responsibility are a challenge but also an opportunity. So, Starbucks needs to continue to localize products, price positioning, and

CSR practices to approach the real demand of the Chinese community.

On the one hand, the insight of this case is not only appropriate for Starbucks itself but also for all multinational corporations. Localization is a continued process of strategy instead of one adjustment. It needs to depend on cultural understanding, continued investment, and flexible organizations. Corporations need to learn how to express to the consumers, how to listen, collaborate, and build long-term trust with them. This is the choice of strategy, and it involves some operational management, such as hiring local talent, cross-cultural training of employees, and giving local teams autonomy in decision-making.

On the other hand, Chinese brands could gain some experience to enter to global market. Cultural sensitivity, emotional branding, and technology integration are also essential strategic elements for Chinese brands to enter overseas markets. Chinese brands need to keep a balance between “national identity” and “local relevance when they enter into Western, African, or Southeast Asian markets.

In the future, it is worthwhile to pay attention to how Starbucks deals with the differences in Chinese regions, how it connects with national sustainability strategies, or how it compares to other Western brands. These issues help us to fully understand how business outcomes are determined by cultural strategy in the context of globalization.

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